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ABSTRACT

The General Accounting Office examined the Office of Personnel Management's (OPM's) leadership role in addressing critical human resource problems and preparing the government to meet future challenges. Federal managers, OPM employees, and federal personnel officials were surveyed to study federal government problems in hiring, managing, and retaining staff. Findings indicated that OPM needed to outline a government-wide human resource management agenda that would: (1) provide leadership on planning for future work force needs; (2) evaluate current government-wide staffing efforts; (3) assist agencies' performance improvement efforts; (4) improve research into performance management issues; (5) enhance its own Personnel Management Evaluation (PME) program; and (6) provide greater leadership in overseeing agencies' PME programs to protect the merit system. Since OPM would not be able to solve these problems acting alone, key roles for the President and Congress were recommended. (Appendixes include complete responses to survey questions and comments from the OPM.) (YLB)

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United States General Accounting Office

GAO

Report to the Congress

January 1989

MANAGING HUMAN RESOURCES

Greater OPM Leadership Needed to Address Critical Challenges

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Comptroller General
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B-211358

January 19, 1989

To the President of the Senate and the
Speaker of the House of Representatives

This report on federal human resource management is one in a series of GAO management reviews of major departments and agencies. Our purpose was to examine how well the Office of Personnel Management exercised leadership to address key human resource issues and meet future challenges.

The report discusses serious problems affecting federal operations and services to the public. Failure to confront these issues could result in a government ill-prepared to meet the future needs of the American public. It makes numerous recommendations to the Director of the Office of Personnel Management to enable the agency to exercise greater leadership, and suggests actions that Congress and the President can take to help promote more attention to the need to better develop the government's most critical resource—the people who carry out its policies and interact daily with the public.

We are sending copies of this report to the President; the Director, Office of Personnel Management; the Director, Office of Management and Budget; interested congressional committees and subcommittees; and individual members.

This work was done under the direction of Gene L. Dodaro, Associate Director, General Government Division. Major contributors are listed in appendix IV.

Charles A. Bowsher

Charles A. Bowsher
Comptroller General
of the United States

Executive Summary

Purpose

The American people depend upon federal workers to provide such critical services as ensuring safe air travel, acquiring weapons to safeguard the country's defense, managing the cleanup of hazardous wastes, protecting the stability of financial markets, and providing accurate benefits to the elderly. There are increasing indications, however, that human resource problems, especially difficulties in hiring and retaining employees, are eroding agencies' abilities to provide services to the public.

GAO examined the Office of Personnel Management's (OPM) leadership role in addressing critical human resource problems and preparing the government to meet future challenges. Like any organization or business, government effectiveness hinges greatly on getting good people and managing them properly.

Background

In response to longstanding concerns, the Civil Service Reform Act of 1978 (Reform Act) was passed to enhance the government's effectiveness in managing its workforce, ensuring merit protection, and serving the public. The Reform Act established a new human resource management framework which recognized that individual agencies have primary responsibility for managing resources, and emphasized that managers be given increased authority to hire and manage their people. Other components of the framework were planning and research to prepare the government for future challenges, improved performance at individual and organizational levels, and strong oversight and evaluation to ensure good human resource management and protection of merit principles. The Reform Act recognized that the objective of implementing such a framework was meeting the public's need for service delivery through a competent and productive civil service.

The Reform Act created OPM to strengthen the government's human resource infrastructure by implementing the framework outlined in the law, serving as the government's central personnel leader, and advising the President on personnel issues. (See pp. 28 and 29.)

Since its inception, OPM has had three directors, each with a fundamentally different operating philosophy. The first two directors' views ranged from delegating personnel authorities and providing broad technical assistance to rescinding delegations and centralizing other personnel services. The third director emphasized simplifying civil service regulations and providing more flexibility to managers, particularly in the hiring process. (See p. 38.)

Results in Brief

Serious human resource problems are affecting federal operations. Critical agencies report they cannot compete for the people needed to provide quality services. Failure to take decisive action will continue to reduce the government's ability to meet the needs of its citizens. Factors limiting the government's ability to hire and keep good people include inadequate compensation, poor image of federal service, and short-term budget emphasis without consideration of human resource implications.

During the last 10 years, OPM has not provided the leadership necessary to sustain attention to identifying and resolving critical human resource problems affecting federal operations and preparing for the future. This has undermined implementation of the Reform Act framework for effective human resource management, and has damaged OPM's capacity to support agencies' efforts to improve their performance.

OPM recently has begun some reforms designed to improve recruitment and deregulate the hiring process. These initiatives are important because weaknesses in the government's recruitment and hiring processes have been major impediments to obtaining quality people. OPM, however, needs to sustain attention to these areas to achieve lasting results.

OPM also must play a greater leadership role in implementing other aspects of the human resource framework envisioned in the Reform Act. For example, OPM needs to strengthen its planning for future workforce challenges, increase assistance to agencies in performance management efforts, and reinforce its oversight and evaluation efforts to ensure both merit protection and improved human resource management. Implementing any agenda, however, will require a long-term commitment to address management problems within OPM. Chief among these are ensuring adequate staffing and improving communication and morale.

Principal Findings

Severe Human Resource Problems

Although definitive data are limited, a growing body of evidence indicates the government is experiencing severe problems in hiring, managing, and retaining quality staff. GAO surveys of federal managers, OPM employees, and federal personnel officials show that from 34 to 77 percent think that the government's ability to hire, retain, and motivate

employees has gotten worse over the past 5 years. Only 2 to 20 percent saw an improvement.

Such problems can contribute to poor service to the public. For example, difficulties in hiring and managing people contributed to a disastrous tax filing season in 1985, and may threaten air traffic control and prison security. Further, governmentwide difficulties in recruiting and retaining computer specialists and accountants are impeding efforts to modernize service delivery and produce more reliable information for decision-making. (See pp. 19 through 22.)

Contributing Factors

Important factors not entirely within OPM's control limiting the government's ability to hire and keep good people are:

- Lack of Pay Comparability. Even though there is disagreement over how to determine comparability of federal salaries, various studies estimate that to be comparable to private sector pay federal pay needs to be increased from 26 percent for the General Schedule to 65 percent for senior executives. In addition, according to the Bureau of Labor Statistics, the pay gap for some occupations in high cost areas is considerably larger than the average, and in a few low cost areas some federal salaries are higher than private salaries. (See pp. 22 through 25.)
- Poor Image of Federal Service. Negative rhetoric about the public service has reportedly demoralized federal employees and hindered recruitment. For example as GAO reported in July 1988, only 13 percent of Senior Executive Service members surveyed would advise someone to pursue a career in public service. (See pp. 25 and 26.)
- Short-term Budget Focus. Efforts to cut costs, such as reductions-in-force and hiring freezes, without adequate consideration of human resource management have resulted in the potential for long-run higher costs and loss of key staff. (See pp. 26 and 27.)

Better Preparation for the Future Needed

The Reform Act envisioned that OPM would plan for the long-range needs of the workforce and support innovative personnel research. However, OPM has not established any systematic planning effort and has approved only four research and demonstration projects in the last 10 years. In addition, OPM has not established the database necessary to measure the quality of the federal workforce.

Although OPM recently published a one-time study of federal workforce needs in 2000, it needs to establish an ongoing planning function given

the rapid changes occurring in the federal environment. For example, profound technological advances will require a more highly skilled workforce, and the new federal retirement system could have significant staffing implications.

GAO also has found inadequate workforce planning in individual agencies. For example, efforts to manage the clean up of hazardous wastes have been impeded by underestimating needed staff. While agencies bear primary responsibility for identifying their staffing needs, OPM also should encourage better planning and keep agencies informed of the best planning practices. (See pp. 41 through 52.)

Consistent Roles Needed to Address Hiring Challenges

After ten years of changing policies, OPM is beginning to improve the hiring process. It is reestablishing its recruitment program and delegating employment examining authority to the line agencies. Such reforms were needed. For example, GAO surveys in December 1987 found that 64 percent of personnel officers identified the slow hiring process as a major barrier to hiring. Both GAO and the agencies support OPM's recent reforms. For current initiatives to have lasting success, OPM needs to develop a program of ongoing assessments of its hiring efforts and maintain its momentum for change. (See pp. 53 through 61.)

Performance Improvement Efforts Need Further Attention

More could be done to fulfill the Reform Act's performance improvement objectives. Agencies have primary responsibility for improving performance, but OPM needs to assist them. Once the focal point for federal productivity improvement, OPM abolished its program in 1983. Agencies have indicated that their need for such assistance, however, has not abated. For example, GAO's surveys show that over 60 percent of personnel officers wanted assistance on how to measure productivity and motivation. (See pp. 62 through 72.)

Stronger Oversight Needed

Stronger OPM and agency personnel management oversight programs are especially important with increasing delegations of personnel authorities to the agencies. In 1983, OPM reduced the scope of its personnel evaluation program and placed greater reliance on agency oversight. Various reports have reported concerns about OPM's evaluation program. For example, three-fourths of the 20 personnel directors GAO surveyed believed that OPM's evaluation program was not adequately assessing compliance with personnel rules. Also, OPM has not adequately assisted agencies in improving their programs. Since 1983 only 25 percent have

expanded their evaluation efforts and many report that OPM has not helped their evaluation programs. (See pp. 73 through 81.)

OPM's Internal Capacity Needs Sustained Attention

A decade of fundamental policy redirection, reorganizations and decreased resource levels has left OPM with serious internal problems, and a diminished capacity to implement its initiatives. Since 1979 OPM's budget for direct personnel management activities has decreased 45 percent in constant dollars; staffing has dropped 54 percent. Effects of these cuts included terminating OPM's productivity program and virtually inactivating its recruiting program for 5 years. In a GAO survey of OPM mid-and senior management, about half reported that budget and staffing constraints have negatively affected their units' ability to accomplish goals.

Staffing decreases will likely be compounded by experienced staff leaving OPM. At least 40 percent of survey respondents said they plan to leave OPM within 6 years due to, among other things, poor promotion potential, lack of rewards, or retirement.

Finally, OPM employees reported management and morale problems. Many felt that OPM had internal communication problems, especially between senior executives and mid-level employees. Only 23 percent thought that morale was high, and few thought the agency was effective overall. OPM has some management improvement initiatives underway. These may help, but sustained, high-level attention and a comprehensive agenda are needed. (See pp. 82 through 96.)

Recommendations

While the agencies have primary responsibility for managing their human resources, the promise of the Reform Act will not be realized unless four critical areas are addressed. Accordingly, GAO is recommending that

- OPM assume a greater leadership role in working with the agencies to better prepare the government to meet future challenges, attack performance improvement efforts with more vigor, and ensure more effective oversight of the government's key personnel areas. (See pp. 52, 60, 61, 71, 72, 80, and 81.)
- OPM implement an action plan to revitalize its internal workforce and build a capacity commensurate with its needed leadership role. (See pp. 94 through 96.)

- the President give sustained attention to establishing and maintaining an environment that is more conducive to human resource management by emphasizing the central role that civil servants play in delivering critical services to the public, appointing individuals to direct OPM who have demonstrated a commitment to this principle, and by working with Congress to revise the federal pay structure. (See pp. 99 and 100.)
- Congress make greater use of the oversight and appropriation process to hold OPM more accountable for identifying and addressing human resource issues and ensuring that the Reform Act's objectives are met. (See pp. 99 and 100.)

Agency Comments

OPM did not concur with GAO's findings because OPM believed any assessment of its leadership would conclude that it has been successful in preparing the federal civil service for the human resource demands of the next century. GAO disagrees. The government is not well-postured to meet future challenges, in part due to lack of effective OPM leadership.

OPM also said the report was based on a narrow view of human resource policy and did not give adequate credit for many OPM policies and programs. On the contrary, GAO's report is based on statistically valid, governmentwide information gathered from people who are intimately familiar with the critical human resource issues they face every day in carrying out the government's business. GAO surveyed almost 2,800 people, including OPM's primary customers—personnel and management officials across government—and OPM's own employees. This information was supplemented by analysis of numerous prior reports by GAO and other organizations, indepth interviews with over 230 officials from 30 different agencies, and extensive consultations with various human resource experts.

GAO therefore believes the report is a realistic assessment of challenges facing the federal workforce, and an accurate appraisal of OPM's efforts to fulfill its fundamental leadership responsibilities provided for in the Reform Act.

Contents

Executive Summary		2
Section I Introduction		14
Chapter 1 Federal Human Resources Problems Affect Essential Government Services		16
	Difficulties Reported in Acquiring and Keeping Quality Employees	16
	Human Resource Problems Linked to Undermining Mission Accomplishment	19
	Success of CSRA Hampered by Environmental Factors	22
Chapter 2 Background, Objectives, and Approach		28
	Civil Service Reform Act Provided Human Resource Management Framework	28
	OPM's Current Organizational Profile	29
	Objectives, Scope, and Methodology	31
Section II More Effective OPM Leadership Can Help Attain CSRA Goals		38
Chapter 3 OPM and the Agencies Need to Better Prepare for Future Workforce Challenges		41
	Enhancing Government's Ability to Respond to a Dynamic Environment	41
	OPM's Governmentwide Planning Efforts Are Limited	43
	Continued Expansion of Research and Demonstration Projects Needed	46
	Agency Workforce Planning Is Insufficient to Address Personnel Challenges	48
	Conclusions and Recommendations	52

Chapter 4 Consistent OPM Leadership Needed to Address Hiring Challenges		53
	OPM Has Key Responsibilities	53
	Agencies Report Barriers to Effective Hiring	54
	OPM's Reform Initiatives Should Improve Staffing	56
	Conclusions and Recommendations	60
Chapter 5 Performance Improvement Efforts Need Further Attention		62
	More Work Needed to Improve Organizational Quality and Productivity	62
	Tools for Improving Performance Need Further Attention	66
	Conclusions and Recommendations	71
Chapter 6 OPM's and the Agencies' Oversight Activities Need Improvement		73
	OPM and the Agencies Share Oversight Responsibility	73
	OPM's Oversight Still a Concern	75
	OPM PME Leadership Needs Improvement	77
	Conclusions and Recommendations	79
Chapter 7 OPM's Capacity to Provide Leadership Needs Sustained, High-Level Attention		82
	Profile of OPM at Grades 13 and Above	82
	OPM May Not Have Resources to Sustain New Initiatives	85
	OPM May Soon Lose Many Experienced Employees	87
	Employees Say That Internal Management Problems Inhibit OPM's Ability to Accomplish Goals and Objectives	87
	OPM Needs to Have a Consistent, Comprehensive Management Improvement Agenda	93
	Conclusions and Recommendations	94
Section III Ensuring Effective Human Resource Management Leadership		96

Chapter 8 Enhanced Attention to Human Resource Management Needed		97
	Recommendations	98
Chapter 9 OPM's Comments and GAO's Response		100
	Focus of Our Report	101
	Purpose of CSRA	102
	Policies to Address New Challenges	103
	Factors Affecting OPM Employees	104
Appendixes	Appendix I: Consultant Panel	106
	Appendix II: Complete Responses to Survey Questions Used in Report	107
	Appendix III: Comments From the Office of Personnel Management	132
	Appendix IV: Major Contributors to This Report	160
Related GAO Products		161
Tables	Table 2.1 OPM's Estimated Budget and Staffing Levels Fiscal Year 1988	30
	Table 2.2: Installation Head Questionnaire Returns	34
	Table 2.3: Personnel Officer Questionnaire Returns	35
	Table 2.4: OPM Questionnaire Response Rate Patterns	36
	Table 6.1: OPM Evaluations Made During Fiscal Years 1984 Through 1988	75
	Table 7.1 Functional Areas in Which Respondents Worked	83
	Table 7.2: Percent of Respondents by Grade Level Reporting Good Communication Between Their Units and Offices of the Associate and Assistant Directors	89
	Table 7.3: Percent of Respondents by Grade Level Reporting Clear Goals and Duties	89
	Table 7.4: Percent of Respondents by Grade Level Reporting Effectiveness at Carrying Out Goals and Objectives	92
	Table 7.5: Percent of Respondents Reporting Effectiveness at Carrying Out Functions	93

Figures

Figure 1.1: Acquisition, Retention, and Motivation Is Worse 17
Figure 1.2: Pay Gap for Selected Occupations 23
Figure 1.3: Comparison of Selected Salaries by Geographic Area 25
Figure 2.1: OPM Organization Chart 32
Figure 3.1: Changes in Selected Occupational Groups, 1976-1986 42
Figure 3.2: OPM's Planning Efforts Are Viewed as Inadequate 44
Figure 3.3: OPM's Research and Demonstration Activities Are Viewed as Inadequate 47
Figure 4.1: Factors That Hamper Staff Acquisition 55
Figure 4.2: Advantages to Delegated Examining Authority 59
Figure 6.1: Declining Staff Devoted to PME 75
Figure 6.2: Changes in Agency PME Activity Since October 1983 79
Figure 6.3: OPM's PME Leadership Is Insufficient 80
Figure 7.1: Grade Levels of Respondents 84
Figure 7.2: Job Responsibilities of Respondents 84
Figure 7.3: OPM Budget Obligations, FY 1979-1988 85
Figure 7.4: OPM FTE Employment, FY 1979-1988 86

Abbreviations

AG	OPM's Administration Group
BLS	Bureau of Labor Statistics
BOP	Bureau of Prisons
CSC	Civil Service Commission
CSRA	Civil Service Reform Act of 1978
CSRS	Civil Service Retirement System
EEO	Equal Employment Opportunity
EPA	Environmental Protection Agency
FAA	Federal Aviation Administration
FEI	Federal Executive Institute
FEIAA	Federal Executive Institute Alumni Association
FERS	Federal Employees Retirement System
FLRA	Federal Labor Relations Authority
GAO	General Accounting Office
GM	General Management
GS	General Schedule
GSA	General Services Administration
IAG/PME	Interagency Advisory Group's Committee on Personnel Management Evaluation
IPMA	International Personnel Management Association
IRS	Internal Revenue Service
MSPB	Merit Systems Protection Board
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PACE	Professional and Administrative Career Examination
PCMI	President's Council on Management Improvement
PIP	Productivity Improvement Program
PME	Personnel Management Evaluation
PMRS	Performance Management and Recognition System
POI	Personnel Office Identifier
RIF	reduction-in-force
SES	Senior Executive Service
S & E	Salaries and Expenses

Introduction

Throughout our Nation's history we have grappled with how to structure and manage a civil service system that will ensure timely and effective service delivery to the public. Since the early 1800s, a host of studies and commissions aimed at reforming the civil service have addressed concerns about recruiting quality staff, selecting employees based on merit, and decentralizing personnel management. With the Civil Service Reform Act of 1978 (CSRA), the government adopted changes to its personnel system that it hoped would finally resolve issues such as (1) how to obtain and develop a quality workforce while ensuring merit selection and a workforce composed of all segments of society, (2) how to best assign responsibilities for personnel management, and (3) how to best manage and improve performance.

Yet 10 years later, federal agencies that carry out tasks critical to the nation's well-being are hampered in their efforts by serious human resource problems. This section describes the situation and outlines the approach we took in our review.

Federal Human Resources Problems Affect Essential Government Services

Civil servants perform such critical tasks as ensuring the safety of our environment and food, fighting illegal drug trafficking, providing accurate social security payments, and ensuring stability and integrity of financial markets. There are numerous indications, however, that delivery of some essential services is being undermined by difficulties in hiring, retaining, and motivating quality employees. Inadequate compensation, a short-term budget focus, and a negative public image are a few of the key factors contributing to this situation.

Difficulties Reported in Acquiring and Keeping Quality Employees

Although definitive data on the government's ability to hire and retain a quality workforce are limited, numerous studies and our surveys indicate that many believe there are widespread problems in acquiring, retaining, and motivating federal workers. For example, our surveys (see ch. 2) of installation heads, personnel directors, personnel officers, and the Office of Personnel Management (OPM) officials showed that

- from 40 to 71 percent said the ability to hire good employees had worsened over the past 5 years,
- from 40 to 77 percent said retention of quality employees had worsened over the same period, and
- from 34 to 74 percent believed that motivation levels had declined.

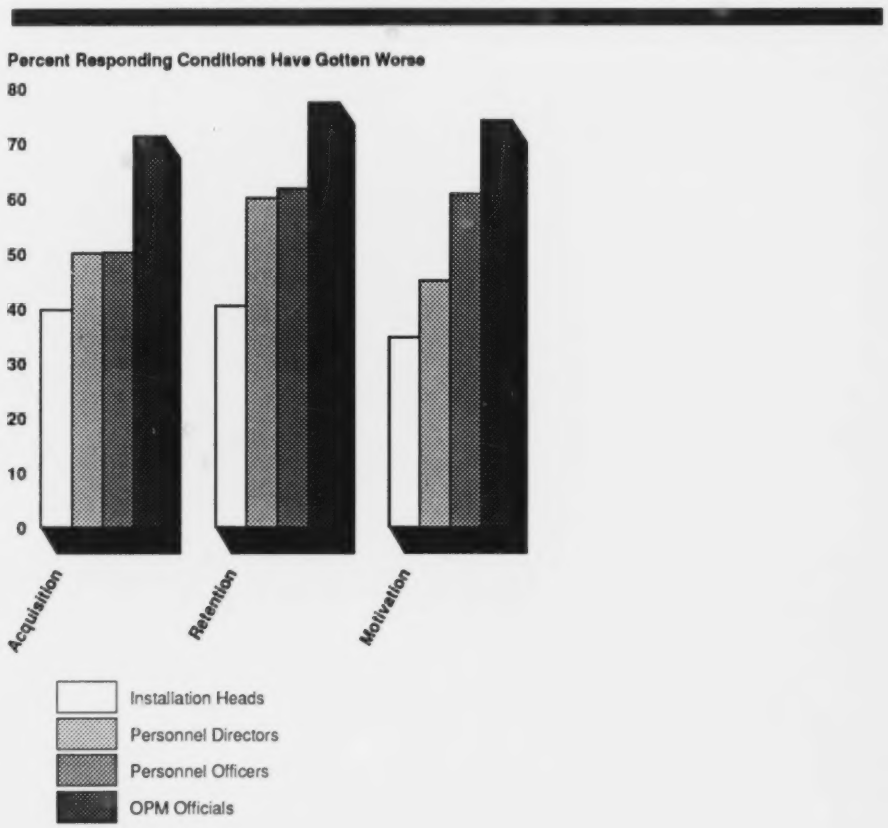
In contrast, only 2 to 20 percent of these officials thought these conditions had improved over the past 5 years. Figure 1.1 shows the percent of government officials who think acquisition, retention, and motivation is worse now than 5 years ago.

The Merit Systems Protection Board (MSPB) expressed a similar concern in a December 1987 report. About 35 percent of a random sample of federal supervisors thought that the quality of general schedule (GS) 5 through 7 entry-level professional or administrative, GS 9 through 12 mid-level professional or administrative, and GS/general management (GM) 13 through 15 senior level employees hired over the 4 years ending in 1987 had worsened.[1]

The Senior Executive Service (SES) also has not been exempt from attraction and retention problems. Nearly 60 percent of line managers and personnel officers surveyed believed recruitment and retention of highly competent SES members were inadequate. Past studies attribute

[1]Federal Personnel Policies And Practices—Perspectives From The Workplace (U.S. Merit Systems Protection Board, Dec. 16, 1987).

Figure 1.1: Acquisition, Retention and Motivation Is Worse



such problems to low morale, poor compensation, and strained relations between career and political executives. For example, a 1987 study by the Twentieth Century Fund noted "today's SES is a system in trouble. . . . Many of the original members of the SES have left federal employment, discouraged by low pay and broken pledges of career advancement. . . ."[2] In addition, we reported in July 1988 that many SES members were

[2]The Government's Managers, Report of the Twentieth Century Fund Task Force on the Senior Executive Service, 1987. The Fund is a nonprofit, nonpartisan research foundation that undertakes analyses of economic, political and social issues. The SES Task Force was chaired by former Virginia Governor Charles S. Robb and included Senator David F. Durenberger, Representative Patricia Schroeder, Alan K. Campbell, and Chester A. Newland, among others, as members.

dissatisfied with negative perceptions of the federal workforce and various compensation-related issues. For example, almost 70 percent said they were dissatisfied with the adequacy of their salary.[3]

Difficulties hiring personnel with specialized skills represent another problem. MSPB reported in 1986 that only about 30 percent of federal organizations surveyed believed the prospects were good for filling entry-level professional accounting positions with highly qualified recent college graduates. About 20 percent reported that the prospects were good for filling entry-level computer scientist positions.[4] A task force led by the General Services Administration reported in September 1987 that the government is not competing successfully with private industry in recruiting and retaining computer specialists.

Others familiar with government have reiterated the theme that the condition of the federal workforce is deteriorating. Paul A. Volcker, chairman of the National Commission on the Public Service, speaking in 1987, said: "Government, especially at the federal level, is decreasingly able to attract, retain and motivate the best and the brightest. . . ." He faulted the cumbersome hiring process, inadequate salaries, and anti-Washington political rhetoric.

Similar concerns were raised in a September 1986 policy development conference convened by the Brookings Institution and the American Enterprise Institute for Public Policy Research. In a paper prepared for the conference by Brookings Institution staff, it was noted that "it is difficult for government to retain well qualified employees and attract new ones in competitive markets, especially in technical fields." The paper cited low pay, poor image, management restrictions, increased politicization, and inadequate management as contributors to the poor state of human resource management and stated that: "Experienced managers needed for multi-billion dollar government operations are more attracted to private than public jobs. As a result, the public's business suffers, and the quality of public programs and public life declines."

The President of the National Academy of Public Administration observed in 1986 that

[3]Senior Executive Service: Executives' Perspectives on Their Federal Service (GAO/GGD-88-109FS, July 1988).

[4]Report on Significant Actions of the Office of Personnel Management (Office of Merit Systems Review and Studies, MSPB, May 1986).

"in selected occupations and components of the work force Federal recruiters are not doing well at all . . . and most disturbing, these shortcomings impact primarily the quality of the leadership components of the Federal work force: the executive leadership to manage our programs and institutions; and the professional technological capability required for our national 'centers of excellence' in science, technology, and medicine."[5]

And, a study contracted by OPM entitled Civil Service 2000 published in June 1988 concluded that "Unless steps are taken to address the problem, the average qualifications and competence of the Federal workforce will deteriorate, perhaps so much as to impair the ability of some agencies to function."[6]

Human Resource Problems Linked to Undermining Mission Accomplishment

Acquisition, retention, and other human resource management problems are reportedly already affecting federal agencies' abilities to provide essential services. For example:

- Prison Security. The Bureau of Prisons (BOP) reported that it is unable to recruit and retain sufficient numbers of professionals because of non-competitive pay or lack of other inducements, especially in high-cost metropolitan areas. According to BOP officials, BOP is authorized to pay entry level correctional officers $16,900, but the State of California, for example, starts correctional officers at more than $29,000 in Los Angeles and San Francisco.

  In the past year OPM authorized BOP special rates for correctional officers at some selected high-cost locations, raising the entry salary to $20,800, but this is still 40 percent below California's salaries. Similar situations exist in the New York City area. BOP officials said that inadequate salaries have resulted in excessive annual turnover rates at BOP facilities in high-cost metropolitan areas. For example, the fiscal year 1988 turnover rate was 78 percent at the U.S. Penitentiary in Lom Poc, California and 84 percent at the Metropolitan Correctional Center in New York City. BOP officials said that staffing shortages come at a time of dramatic increases in prison populations and noted that it becomes increasingly difficult to manage prisons without a stable workforce.

- Air Traffic Control. The Federal Aviation Administration (FAA) continues to experience problems in hiring and retaining sufficient numbers of

[5]Contemporary Problems of the Public Service, by Ray Kline, September 1986.

[6]Civil Service 2000, The Hudson Institute (June 1988), prepared for the U.S. Office of Personnel Management, p. 29.

highly qualified air traffic controllers. We reported in September 1988 that both competition from industry and a lengthy, cumbersome hiring process were resulting in insufficient numbers of qualified controller candidates, especially at some FAA regions.[7] Specifically, although FAA prefers to hire controller candidates with scores of 90 or above on the OPM controller aptitude test, some regions have had to hire candidates with scores lower than 90. For example, between October 1986 and November 1987, about one-third of the 256 candidates referred to the New England Region had test scores lower than 90 and none of the 77 candidates referred to the Southwest Region had scores above 90. These hiring problems have contributed to FAA not meeting the congressionally-mandated goal of 10,450 full performance level controllers by the end of fiscal year 1988.

- Environmental Protection. The Environmental Protection Agency (EPA) has experienced problems hiring and retaining sufficient numbers of technical personnel to implement the Superfund program, a key program designed to help clean-up the environment. We reported in October 1987 that high employee turnover, inadequate pay, and insufficient training had delayed or hindered the quality of Superfund activities.[8] Specifically, we found that (1) pay for federal attorneys, chemists, and engineers—three key Superfund occupations—trailed private sector pay by $7,800 to $41,300, or 25 to 68 percent; (2) quit rates more than doubled from 1985 to 1986 and were more than 10 percent annually for key Superfund positions; and (3) about 60 percent of Superfund employees responding to our survey for that report said they needed more training.
- Defense Procurement. Concerns continue to be raised about the effectiveness and integrity of the defense procurement system. We and others have noted that a contributing factor to problems with procurement is deficiencies in the civilian procurement workforce.[9] The 1986 Blue Ribbon Commission on Defense Management noted that improvements in the career paths, education, and training of procurement personnel are needed. In addition, according to the August 1988 Pay Agent report (see discussion of pay setting process later in this Chapter), pay for key procurement personnel lagged behind the private sector by 40 percent.

[7]FAA Staffing: Recruitment, Hiring, and Initial Training of Safety-Related Personnel (GAO/RCED-88-189, Sept. 1988).

[8]Superfund: Improvements Needed in Work Force Management (GAO/RCED-88-1, Oct. 1987).

[9]DOD Acquisition: Strengthening Capabilities of Key Personnel in Systems Acquisition (GAO/NSIAD-86-45, May 12, 1986).

- Thrift Institution Oversight. The growth in the number of insured banks that are experiencing problems has severely strained regulators' abilities to perform effective oversight and supervision. Many thrift industry problems, as well as those of the deposit insurer, have been attributed to inadequate oversight.[10] We have reported that the expertise of the federal examination workforce needs strengthening to better provide needed oversight.
- Drug Enforcement. One key strategy for dealing with the nation's drug problem is seizing the assets of drug traffickers. However, lack of staff who are knowledgeable in real property law and management has resulted in problems in disposing of seized property. We recommended in September 1987 that the Attorney General assess the extent of legal and real estate management knowledge that is needed and make arrangements to obtain this knowledge.[11] Also, the White House Conference For A Drug Free America recommended in 1988 that the training of criminal justice personnel in drug-related matters be improved dramatically.
- Tax Processing. Human resource problems such as insufficient training and skills shortages and lack of competitive pay have contributed to a number of problems at IRS. For example, we reported in July 1988 that IRS' responses to taxpayer inquiries had significant quality problems. Thirty-one percent of the case responses we reviewed had critical problems involving incorrect adjustments and unresponsive letters. We said a contributing factor to these problems was difficulty retaining tax examiners due to salaries ranging from $13,000 to 15,000.[12]

Additional problems also have been reported. For example, although caused primarily by computer difficulties, shortages of skilled personnel and inadequate training associated with IRS' automatic data processing modernization effort in 1985 contributed to what IRS has characterized as probably the most difficult and least successful filing season in its history. At some IRS service centers, processing problems significantly delayed tax refunds to thousands of taxpayers.

[10]Bank Powers: Issues Related to Repeal of the Glass-Steagall Act (GAO/GGD-88-37, p.19, Jan. 22, 1988).

[11]Real Property Seizure and Disposal Program Improvements Needed (GAO/T-GGD-87-28, Sept. 25, 1987).

[12]Tax Administration: IRS' Service Centers Need to Improve Handling of Taxpayer Correspondence. (GAO/GGD-88-101, Jul. 13, 1988).

In October 1988 we reported that IRS believes a key factor limiting its ability to address these and other problems is noncompetitive pay, particularly in the key occupation of accounting.[13] According to IRS, starting salaries for revenue agents are 19 percent less than comparable positions in the private sector, and a College Placement Council Survey for July 1988 showed that more than 90 percent of offers made by private firms to accounting graduates were above the federal government's average salary offer.

Success of CSRA Hampered by Environmental Factors

CSRA emphasized the need to concentrate attention on the federal workforce at the highest levels of government to improve program operations and service delivery (see ch. 2). However, human resource concerns typically are assigned a lower priority in relation to other management and programmatic efforts. The absence of federal/private sector pay comparability, the negative image of federal service, and the short-term budget focus are manifestations of this lack of positive emphasis.

Lack of Pay Comparability

Salary is only one element that influences job acceptance and separation decisions, but noncompetitive pay and benefits are thought to be key factors hampering the government's ability to acquire and retain needed staff. Fifty-three percent of the personnel officers we surveyed reported that inadequate starting pay is a barrier that significantly hinders their ability to hire quality staff. More than 90 percent believed federal pay needs to be increased. For example, IRS officials reported that entry level salaries at some of IRS Service Centers are lower than those offered by local fast food restaurants.

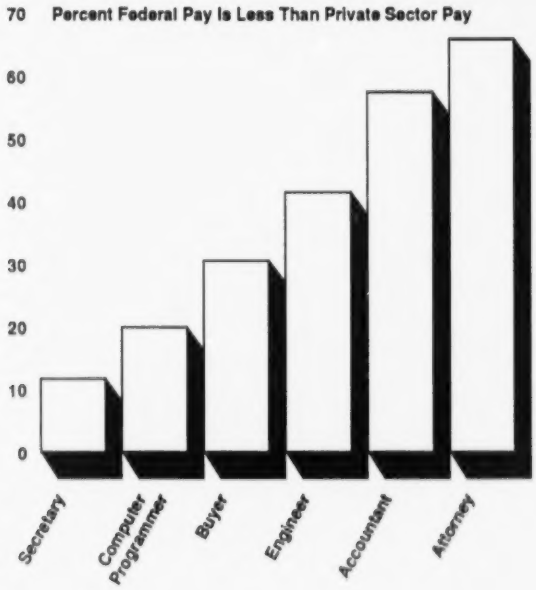
Although there is disagreement on the current method used to calculate public/private sector pay differentials for GS employees, most observers would agree that pay for many federal occupations is less than comparable private sector jobs, especially in high cost locations. According to the President's Pay Agent,[14] the average pay gap between federal and private white-collar jobs was 26.3 percent in 1988.

[13]Managing IRS: Actions Needed to Assure Quality Service in the Future (GAO/GGD-89-1, Oct. 1988).

[14]Section 5305 of Title 5 of the U.S. Code requires the President to annually review and adjust federal rates of pay to, among other things, maintain comparability with private sector salaries. The President's Pay Agent (the Directors of OMB and OPM and the Secretary of Labor) determines comparability amounts based on a study by the BLS. If the President rejects the Pay Agent's advice, he can recommend, and Congress can approve, alternative pay adjustments.

But pay differentials vary significantly by occupation, according to Bureau of Labor Statistics (BLS) data. For example, the annual salary pay gap varies from $1,700 for secretaries to more than $40,000 for attorneys.[15] Figure 1.2 shows the percent federal pay would need to be increased to achieve private sector comparability for selected occupations.

Figure 1.2: Pay Gap for Selected Occupations



Pay also differs significantly by geographic area. Figure 1.3 shows federal/private salary differentials for three occupations in various locations. While pay for some federal occupations in certain locations is more than for comparable private positions, it is significantly lower in others.

Figure 1.3 shows, for example, salaries of secretaries in San Francisco are $3,484 below comparable private sector salaries; but in Phoenix,

[15]Pay gaps are based on information from BLS surveys. These two examples represent the difference between the annual salaries of federal GS-4 secretaries ($14,727) and private secretaries ($16,448) and federal GS-15 attorneys ($63,725) and private attorneys ($105,658).

Arizona, the salaries are $2,392 above the private sector market. Salaries for some other federal occupations are lower than comparable private sector jobs throughout the country. For example, federal/private sector pay gaps for systems analysts range from $2,407 in Richmond, Virginia, to $5,241 in Newark, New Jersey.

Civil Service 2000 noted that agencies with concentrations of workers in high cost areas have much more difficulty hiring and retaining employees than do agencies that are in predominately low cost areas. The study said that "the uniformity of Federal pay scales and classification systems will be increasingly confounded by this diversity of the nation's labor markets."

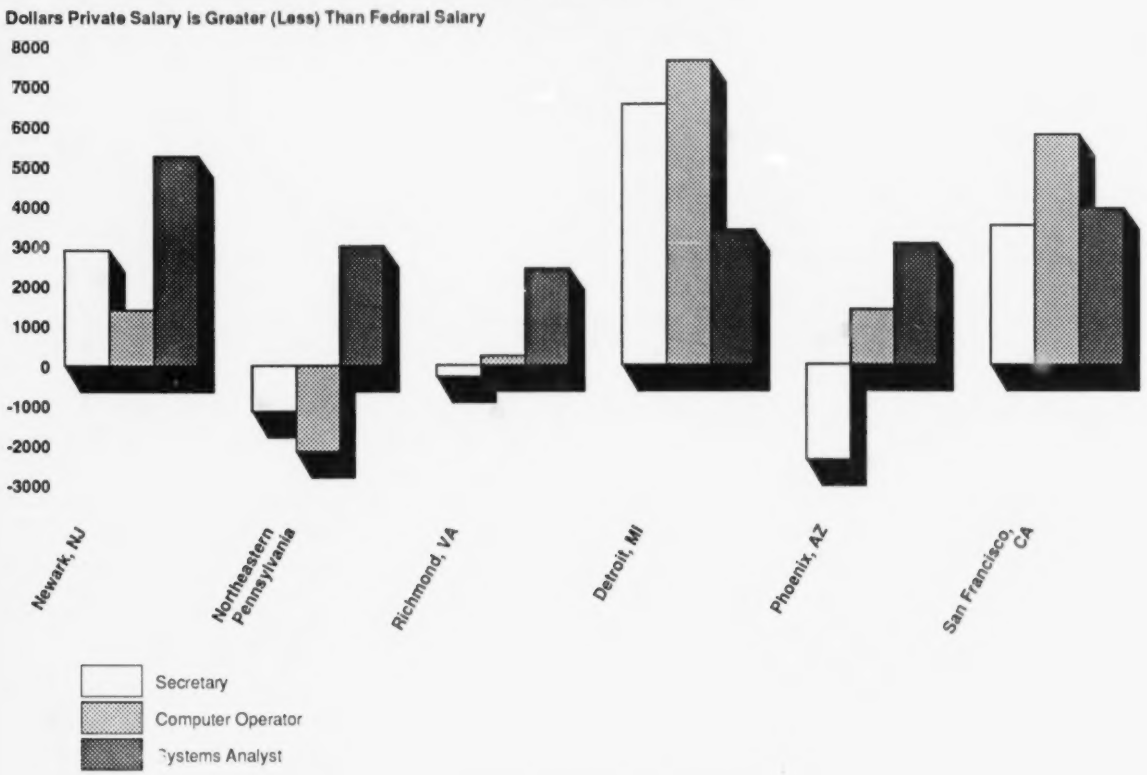
Our past work has supported locality pay for certain white-collar employees and expansion of the annual BLS pay comparability survey to cover state and local governments and smaller size establishments. We also have recommended that Congress consider total compensation (pay and benefits) when making adjustments to compensation programs.[16]

SES pay also is considerably below salaries in the private sector. The President's Commission on Compensation of Career Federal Executives in February 1988 reported two comparisons that showed a large pay gap. First, BLS found that, in early 1988, the pay differential between private sector and SES salaries was almost 35 percent. (The estimated average private sector salary was $98,267 and the average SES salary was $72,875.) The Commission also noted that the Hay/Huggins Company and Hay Management Consultants[17] estimated a pay differential of 65 percent. The report of the 1989 Commission on Executive, Legislative and Judicial Salaries, on December 15, 1988, recommended raising executive level salaries between 47 and 56 percent. The President included these recommendations in his fiscal year 1990 budget submission to the Congress. In addition, Executive Order 12663 will raise SES pay between 16 and 48 percent, if Congress does not reject within 30 days the executive level salary recommendations made in the January 9, 1989 budget request.

[16]Comparison of Federal and Private Sector Pay and Benefits (GAO/GGD-85-72, Sept. 4, 1985).

[17]Hay/Huggins Company and Hay Management Consultants are private consultants specializing in personnel management.

Figure 1.3: Comparison of Selected Salaries by Geographic Area



Source: Bureau of Labor Statistics

Poor Image of Federal Service

Negative rhetoric about the public service reportedly has demoralized federal employees and hindered recruitment. According to various experts, such criticism has been accompanied by a decline of public trust and confidence in government. Increasing instances of service delivery problems and issues of ethics and conflicts of interest have contributed to negative public perceptions. Civil Service 2000 noted that two decades of criticism by political candidates coupled with the inherent frustrations of large bureaucracies and poor working conditions have demoralized the federal service.

Most federal employees believe that the public holds a negative view of federal service. For example, results from a December 1987 MSPB survey of federal workers, showed that 70 percent believe the current public image of federal employees is negative.

Several studies indicate that this negative image is affecting recruitment. In July 1988, we reported that of SES members we surveyed, only 13 percent would advise someone to pursue a career in public service, and over 90 percent were dissatisfied with perceptions of federal employees held by the press, politicians, and the public. These perceptions were the single greatest source of SES members' dissatisfaction with their work.[18]

Our survey of personnel officers indicated a more mixed view of the impact of negative image on recruitment. Thirty-eight percent thought that the poor image was a significant barrier hindering their ability to hire the people they need, but 40 percent did not. Yet in a June 1988 MSPB survey of selected college and university deans and placement officials, three-fourths of respondents thought the negative image of the federal bureaucracy was a significant obstacle that the government must overcome to be more competitive on the nation's campuses.

Short Term Budget Emphasis

Efforts to cut costs without adequate consideration of human resource factors often have resulted in the potential for long-run higher costs, loss of staff, and low morale. In addition to inadequate pay, examples of cost-cutting efforts include reductions-in-force (RIF) and hiring freezes.

We have reported that some efforts to cut costs through RIFs might not save money in the long run and can be more costly than attrition and furlough.[19] Salary savings can be offset by such factors as costs associated with RIF related appeals and grievances, early retirements, lump-sum annual leave payments, processing and administration costs, relocation and transfer costs, severance pay, and unemployment compensation costs.

RIFs also can affect agency productivity and employee morale. For example, following a series of RIFs at the Department of Labor, we found

[18]Senior Executive Service: Executives' Perspectives on Their Federal Service (GAO/GGD-88-109FS, July 20, 1988).

[19]Reduction In Force Can Sometimes Be More Costly to Agencies Than Attrition and Furlough (GAO/PEMD-85-6, July 24, 1985).

that program managers expressed concern over acquiring inexperienced or unskilled staff, low morale, and the loss of key people. Of Labor managers we surveyed for another review, 76 of the 114 who said that their units were affected by a RIF also said that it diminished their unit's efficiency and effectiveness.[20]

Hiring freezes can be yet another example of short-sighted attempts to save money. Although the principal objective of a governmentwide hiring freeze is to reduce the size and cost of the federal workforce, we have found that employment reductions during freezes in past years were small and that OMB did not determine whether the freezes resulted in a net savings. In addition, we found indications where freezes may have resulted in net losses. For example, hiring freezes at IRS in the early 1980s saved $10.9 million in annual salaries and benefits, but officials estimate that as a result more than $200 million in taxes per year might not have been collected.[21]

Another short-sighted management program designed to reduce personnel costs was the "bulge program." That program was designed to downgrade 40,000 GS positions in grades 11 through 15. We found that OPM's justifications for the program did not provide a sound basis for reducing the targeted positions and, according to MSPB, most agencies said the program would have a negative effect on their ability to meet mission requirements.[22]

[20]Strong Leadership Needed to Improve Management at the Department of Labor (GAO/HRD-86-12, Oct. 21, 1985).

[21]Recent Government-Wide Hiring Freezes Prove Ineffective in Managing Federal Employment (FPCD-82-21, Mar. 10, 1982).

[22]Federal Workforce: How Certain Agencies Are Implementing the Grade Reduction Program (GAO/GGD-86-33, Jan. 3, 1986).

Chapter 2

Background, Objectives, and Approach

While there are many factors influencing the breadth and seriousness of the human resource problems described in the previous chapter, the key question is what type of leadership is required to address these critical challenges and adequately prepare the government for the future? That is the focus of this management review. To provide an answer, we assessed how well OPM has provided leadership to the line agencies over the last decade to implement key responsibilities envisioned by the CSRA.

Civil Service Reform Act Provided Human Resource Management Framework

CSRA was envisioned as a way to improve civil service productivity and performance by increasing agency management flexibility. Similar to themes that emerged from civil service reform efforts since the 1930s, CSRA's objective was to establish stronger, more flexible, innovative management of the workforce. This was to be accomplished by

- providing overall leadership and future direction through OPM, with its Director aiding or advising the President;
- giving OPM the authority to delegate operational personnel management activities to line managers, particularly in the hiring area;
- encouraging increased individual performance and productivity by requiring performance appraisals for all types of employees, merit pay, and SES; and
- establishing stronger oversight programs to better protect the merit system and to ensure compliance with civil service regulations, especially in light of the decentralized environment prescribed by CSRA.

In enacting CSRA, Congress intended that OPM provide federal agencies with more authority and flexibility because it recognized that agencies bear primary responsibility for personnel management. The accompanying Senate Report described agencies' intended roles:

"Individual agencies will be more efficient and speedy at performing functions now shared with the Civil Service Commission. . . . Decentralization is in keeping with the delegation practices that private companies use, allowing the decisionmaking process to work at a level where decisions are most effectively made. Authority for personnel management will be fixed at the level responsible for the effectiveness of programs and accomplishment of missions."

While it provided OPM with authority to decentralize certain personnel functions, CSRA also clearly charged OPM with establishing central personnel policies and providing broad guidance and leadership. It was to

advise "the President on actions which may be taken to promote an efficient civil service and a systematic application of the merit system principles, including recommending policies relating to the selection, promotion, transfer, performance, pay, conditions of service, tenure, and separation of employees." In addition the Director was to ensure that studies and research were to be carried out on ways to improve overall human resource management.

The Senate Report accompanying CSRA clearly outlined OPM's leadership role by stating:

"individual personnel actions will be delegated to the Departments and agencies. . . .[therefore] OPM will be able to concentrate its efforts on planning and administering an effective Government-wide program of personnel management. . . . OPM will have the opportunity for innovative planning for the future needs of the Federal work force, executive and employee development, and pilot projects to test the efficacy of various administrative practices. Without the demands generated by a heavy day-to-day workload of individual personnel actions, OPM should provide the President, the civil service, and the Nation with imaginative public personnel administration."

OPM's Current Organizational Profile

OPM plays the central role in establishing federal personnel policy. Its mission is to assist the departments and agencies in obtaining a qualified workforce based on merit principles, and to assure the suitability of that workforce.

Budget and Staffing Levels

OPM's estimated budget obligations in fiscal year 1988 were $332 million; its staffing level was 5,372. The budget is split into three separate funding sources: (1) the Salaries & Expenses (S&E) appropriation supports OPM's central personnel management and monitoring functions, record-keeping activities, and its research, development, and discretionary personnel management activities; (2) reimbursable funds from the federal employees' retirement, life insurance, and health benefit trust funds are transferred to the S&E budget as reimbursement for OPM administering these funds; and (3) revolving funds are used for services such as training and investigations, whose costs are billed to the agencies receiving them. Table 2.1 shows estimated budget and staffing levels for each fund for fiscal year 1988.

Table 2.1 OPM's Estimated Budget and Staffing Levels Fiscal Year 1988

	Obligations	Staff
Direct S&E	102	1994
Reimbursable trust funds	82	1827
Revolving funds	148	1551

Note: Obligations are in millions of dollars

Organizational Components and Functions

OPM currently is organized along the lines of the federal employment process—entry, employment, and exit. Entry focuses on the best ways to screen and select potential employees through tests and examinations. Employment focuses on ranking and placement of employees to meet agency work requirements. Exit focuses on retirement issues.

OPM is divided into eight major organizational components, four of which represent major policy and program areas with the remainder representing institutional, administrative, and service delivery functions. Figure 2.1 shows OPM's major organizational components, and each is discussed briefly below.

Office of the Director: includes, in addition to the Director and Deputy Director, a formal secretariat and policy office. It also oversees the Federal Executive Institute (FEI), Executive Seminar Centers, and five regional directors. In addition, eight staff offices report to the Office—Congressional Relations, Inspector General, Executive Administration, Federal Prevailing Rate Advisory Committee, General Counsel, Public Affairs, Government Ethics, and International Affairs.

Career Entry Group: responsible for planning, directing, and improving major systems of competitive entry for employment, merit promotion, and RIFs. The group's charter is to develop a recruitment and intake process backed up by tools for effective and accurate measurement of abilities. The goal is to establish a high quality workforce through competition for initial appointment, retention, and promotion.

Personnel Systems and Oversight Group: responsible for most of the major performance-driven personnel systems that affect the management and performance of the workforce. This group is OPM's focal point for civil service simplification, including legislative initiatives and regulations governing the amount of flexibility agency managers have in organizing, supervising, and using human resources. Most of the group's programs are administered by the agencies under OPM regulations or

standards and include such personnel system components as pay, job evaluation, special rates, merit pay, performance appraisal, leave, labor-management relations, and discipline and appeals. Oversight, compliance reviews and personnel management evaluations provide feedback to ensure that policies meet their objectives, and that the personnel system at both the OPM and agency level is (1) providing managers with the tools they need to accomplish their missions in a high-quality, low-cost manner and (2) serving the goal of a merit-based, high-performing, and productive workforce.

Training and Investigations Group: administers OPM's governmentwide training and development, and background investigation programs. The group carries out policy and personnel management responsibilities for its program areas, and operates revolving funds for training and investigations.

Retirement and Insurance Group: administers the governmentwide retirement, life insurance, and health benefit programs. This group's objectives are to implement the new Federal Employees Retirement System (FERS), support needed changes in the Civil Service Retirement System (CSRS), study better methods of providing health benefit programs, and improve services to annuitants and production management.

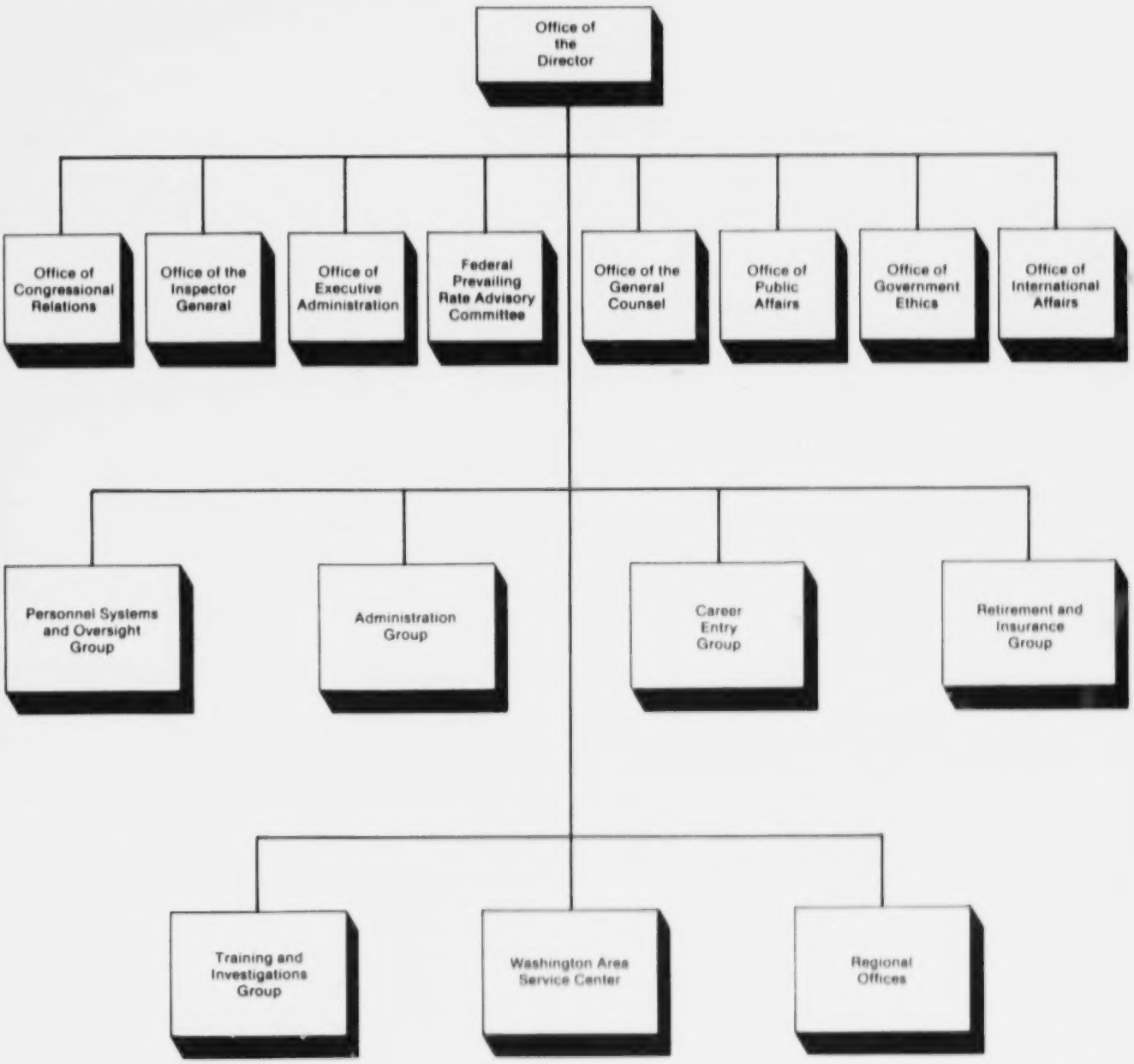
Administration Group: responsible for OPM's (1) budget planning and management, (2) other internal management, and (3) automated data processing support. This includes linkages with agencies, such as the Office of Management and Budget (OMB), the General Services Administration (GSA), and the President's Council on Management Improvement (PCMI), having an interest in budget and management issues.

Regional Offices and Washington Area Service Center: carry out the labor intensive direct field services of the other groups. Delivering OPM services to agencies and installations includes recruiting and examining, providing local training, doing local background investigations, and on-site compliance and evaluation activities.

Objectives, Scope, and Methodology

Our objective was to assess OPM's role in addressing government-wide human resource problems, preparing the government to meet future personnel challenges, and supporting agencies' personnel management programs. Key functions examined included planning, hiring, performance improvement, and evaluation.

Figure 2.1: OPM Organization Chart



Our methodology involved identifying human resource problems believed to be affecting service to the public. This was done by reviewing reports prepared by our office and others, such as OPM and MSPB, talking with federal managers and OPM officials, and interviewing experts. We talked with more than 230 officials from 30 agencies, and members of groups such as the PCMI to ascertain current federal policies, programs, and initiatives dealing with important human resource issues. Other topical work, such as the PCMI's Applying the Best to Government: Improving the Management of Human Resources in the Federal Government Through a Private-Public Partnership, and the work of the National Commission on the Public Service, also helped us identify key human resource issues. Relevant GAO reports analyzed are listed at the end of this report.

We discussed the issues with OPM officials and with groups such as the National Academy of Public Administration, the International Personnel Management Association, and a panel of expert consultants. Panel members are shown in appendix I. This panel also reviewed our findings and provided advice on our methodology and recommendations.

We also collected data on human resource issues at major departments and agencies. At OPM, we obtained information on past and current initiatives in relevant issue areas. We did not examine OPM activities funded by revolving or reimbursable funds, such as investigations, insurance trust funds, and training. We analyzed OPM budget and staffing figures to measure historical changes and evaluated SES contracts to determine the extent to which they addressed internal management.

Surveys Provide Important Perspectives

To obtain a governmentwide view of federal human resource management, we surveyed agency heads of installations, personnel officers, personnel directors, OPM staff, and personnel management evaluation (PME) officials. Each questionnaire was reviewed by OPM experts and pretested with potential respondents. Each questionnaire had a unique set of questions tailored to the respondents, but, except for the survey of evaluation officials, all included a set of identical questions on whether they believed the government had achieved the goals of CSRA and whether specific functional personnel areas had changed in the past 5 years. Data were collected between September and December 1987. Results were checked against findings of questionnaires administered by other groups, such as MSPB, as well as with ongoing GAO work and other studies.

Survey of Heads of Installations: We surveyed heads of installations across the country to obtain their perceptions of how well the federal human resources system was supporting mission accomplishment and to ascertain their views on the progress made in achieving CSRA's key goals.

The universe of organizational units was a list OPM maintained for its PME program and was updated as of June 1987. The list included 2,806 civilian and 1,379 military installations where civilian employees were assigned across the United States. OPM has defined an installation as a separate unit where (1) there is a designated organizational head/administrator not subject to on-site supervision by a higher level and (2) the authorities delegated to the installation head permit some degree of and variation in the performance of personnel management functions. Examples included IRS regional and district offices, military maintenance facilities, and Department of Housing and Urban Development field offices.

To make governmentwide projections, we surveyed a stratified random sample (based on the number of civilian and defense installations) of the heads of these 4,185 federal installations. The sample of 657 civilian units and 423 military units with civilian employees was designed to yield an expected sampling error of plus or minus 5 percent at a 95-percent confidence level for each group. All final sampling errors were within 5 percent unless otherwise stated in this report. The response rate was 90 percent. The results are generalizable to heads of installations across the country. Table 2.2 summarizes installation head questionnaire returns.

Table 2.2: Installation Head Questionnaire Returns

	Civilian	Defense	Total
Universe	2,806	1,379	**4,185**
Sample	657	423	**1,080**
Adjusted sample[a]	647	418	**1,065**
Completed questionnaires	577	382	**959**
Response rate	89.2%	91.4%	**90.1%**

[a]The sample was adjusted to eliminate installations that no longer existed, OPM installations, and selected Department headquarters installations.

Survey of Personnel Officers-in-Charge: This survey obtained personnel officers' views on (1) existing barriers to good personnel management, (2) changes needed, and (3) the overall status of federal personnel management. The universe of personnel offices was OPM's Personnel Office Identifier (POI) list (updated as of June 1987), which included 1,062

civilian and 520 Department of Defense personnel offices nationwide. We surveyed a stratified random sample (based on the number of civilian and defense personnel offices) of the heads of these 1,582 government personnel offices.

A stratified sample of 399 civilian and 300 military offices was designed to yield an expected sampling error of plus or minus 5 percent at a 95-percent confidence level for each group. All sampling errors were within 5 percent unless otherwise stated in this report. The response rate was 80 percent. Results are generalizable to heads of personnel offices throughout the country. Table 2.3 summarizes personnel officer returns.

Table 2.3: Personnel Officer Questionnaire Returns

	Civilian	Defense	Total
Universe	1,062	520	**1,582**
Sample	399	300	**699**
Adjusted sample[a]	386	291	**677**
Completed questionnaires	312	227	**539**
Response rate	80.8%	78.0%	**79.6%**

[a]The sample was adjusted to eliminate personnel offices that no longer existed.

Survey of OPM: This questionnaire obtained the views of General Schedule (GS) and General Management (GM) 13s and above at OPM about (1) their unit's capacity to accomplish assigned responsibilities, (2) governmentwide personnel policy making processes, and (3) the degree to which they believed OPM was carrying out the roles and responsibilities envisioned for it by CSRA.

Surveys were mailed to 974 GS- and GM-13s and above at OPM. Subsequently, we deleted 54 employees from the universe because they no longer worked at OPM, were temporary employees, or worked at the Federal Prevailing Rate Advisory Committee or Office of Government Ethics. The overall response rate was 76 percent. To ensure data reliability, and because for several questions we separated responses by grade, response rates were analyzed by grade and location. Table 2.4 indicates response patterns.

Table 2.4: OPM Questionnaire Response Rate Patterns

Percent

Grade	Percent of universe	Response rate
13	57	77
14	26	77
15	11	76
SES	6	54
Location		
Region	24	82
HQ	76	73

Survey of Personnel Directors: This survey obtained the thoughts of federal personnel directors on the progress made in achieving CSRA's goals to make the federal government's personnel management function more effective. It also contained specific questions about workforce planning, staffing, performance appraisal, performance improvement, and training and development.

The survey was delivered to 17 personnel directors from federal departments plus those from the three independent federal agencies with 20,000 or more civilian employees (Veteran's Administration, GSA, and National Aeronautical and Space Administration). These 20 departments and agencies account for more than 90 percent of federal civilian employees. All 20 personnel directors responded.

Survey of Interagency Advisory Group Committee on Personnel Management Evaluation: This questionnaire obtained views of the Interagency Advisory Group's Committee on Personnel Management Evaluation (IAG/PME) members about (1) OPM's PME program, (2) OPM's leadership of agency internal PME, (3) their agency's internal program, (4) civil service MSPB's system oversight, and (5) the degree to which OPM and the agencies have carried out their respective roles and responsibilities for evaluation and oversight.

The survey was delivered to the IAG/PME's 88 members. Committee members are selected to serve by the personnel directors of their respective agencies. The members include heads of agency internal PME programs, personnel directors, and others with evaluation experience. Ninety-seven percent of IAG/PME members responded.

All responses to questions used in this report from these surveys are presented in appendix II.

Our work was done primarily in Washington D.C. at the headquarters of major agencies and departments. Field work took place between May 1987 and August 1988. The review was done in accordance with generally accepted government auditing standards.

More Effective OPM Leadership Can Help Attain CSRA Goals

CSRA envisioned a strong leadership role for OPM and specifically required that the director propose policies to the President to promote an efficient civil service and to ensure systematic application of the merit principles. An important backdrop for understanding how OPM has implemented this leadership role is rooted in the changing philosophies and environment at OPM brought on by its different directors. Since its inception, OPM has had three directors, each with a fundamentally different interpretation of OPM's role. All three had different operating philosophies, and each reorganized the agency.

OPM's first director, Alan Campbell, believed that OPM's role was to directly assist and consult with federal agencies on a variety of management issues. Under his tenure, OPM delegated authorities to line agencies, and helped them develop and implement important reform initiatives mandated by CSRA, such as the SES, merit pay, performance appraisal systems, and productivity improvement.

Under its second director, Donald Devine, OPM refocused its priorities on what it considered fundamental central personnel agency functions. OPM revoked many of the delegations it had previously granted to agencies; eliminated or reduced its consulting services to the agencies, recruiting activities, and productivity improvement research; and abolished its agency relations group. OPM's priority functions were preparing, overseeing, and enforcing civil service rules; performing staffing services; administering benefit programs and funds; and monitoring personnel programs.

During this time, OPM also executed a major (and partially self-initiated) retrenchment in its S&E appropriations; implemented an internal furlough and a RIF which abolished 365 positions and otherwise directly affected 758 employees; and reorganized three times between November 1981 and November 1982.

OPM's third director, Constance Horner, also changed the agency's priorities. Under Director Horner, OPM's priority is to deregulate and simplify the federal personnel system. OPM is again delegating examining authority to line agencies. It is also deregulating and simplifying the hiring process, and re-establishing its recruitment program.

Changes in operating philosophies and organizational structure have been accompanied by declining budget and staffing levels. Since 1979,

funding for OPM's S&E activities decreased 45 percent in constant dollars. Staffing for S&E activities decreased 54 percent during the same years.

OPM recently has begun a number of initiatives, but the culmination of changes over the past decade has undermined its ability to maintain a stable agenda and provide sustained attention to identifying and resolving critical governmentwide problems and preparing for the future. Specifically:

- OPM has not established a systematic effort to plan for necessary adjustments to the future workforce brought on by such events as technological and demographic changes. In addition, in response to a clear mandate to encourage and carry out innovative research and demonstration projects, OPM has approved only four such projects in the last 10 years. OPM also has not assumed a leadership role in promoting workforce planning in the agencies.
- OPM is undertaking an ambitious program to reform the hiring process. This program is needed because OPM's role in examining and recruiting has vacillated in the last 10 years, limiting program effectiveness. Current reforms need to be sustained if the program is to be effective.
- OPM developed, then abolished, its programs providing assistance to agencies in improving organizational performance. Continued problems with performance management systems and the agencies' desire for more performance improvement assistance mandate a stronger OPM leadership role.
- OPM has not provided the leadership the agencies need to improve or establish personnel management evaluation programs of their own. This is compounded by problems with OPM's evaluation program, which has experienced declining resources and restructuring over several years. This has continually raised concerns about OPM's ability to protect the merit system and provide useful feedback to agencies.

Finally, changing direction and declining resources at OPM have left the agency with serious internal management problems and a diminished capacity to realize the transition from the Civil Service Commission (CSC) to the governmentwide leadership role envisioned in CSRA.

OPM needs to carry out its leadership role as called for in CSRA and outline a governmentwide human resource management agenda to address agencies' needs and prepare our government to meet critical future challenges. Specifically, OPM should (1) provide leadership on planning for future workforce needs, (2) evaluate current governmentwide staffing

efforts, (3) assist agencies' performance improvement efforts, (4) improve research into performance management issues, (5) enhance its own PME program, and (6) provide greater leadership in overseeing agencies' PME programs to better protect the merit system.

Such actions are necessary to implement CSRA's strategic human resources management framework. This framework—appropriate strategic planning, flexible hiring processes, attention to performance management at both individual and organizational levels, strong evaluation and oversight, and innovative research and experimentation—is vital to successful and effective government service.

OPM also must give sustained attention to improving its internal management and organizational capacity to carry out the role envisioned for it in CSRA. This organizational development process should include, at a minimum, improving communication, clarifying goals and objectives, assessing awards systems, developing workforce planning, and improving training.

OPM and the Agencies Need to Better Prepare for Future Workforce Challenges

At the same time the nature of federal work is changing, the government is being forced to compete in an increasingly complex and competitive labor market. As a result, human resource planning will take on even greater importance in ensuring that agencies have the people they need to serve the public well. Inadequate planning in the past has contributed to mission failures and increased program costs.

To meet future challenges, OPM must exercise stronger leadership in identifying ways to address governmentwide human resource issues and in supporting research into innovative personnel practices. The agencies—which have primary responsibility to plan for their unique workforce requirements—also need to strengthen their capabilities. OPM could help by assisting the agencies in enhancing their human resource planning systems.

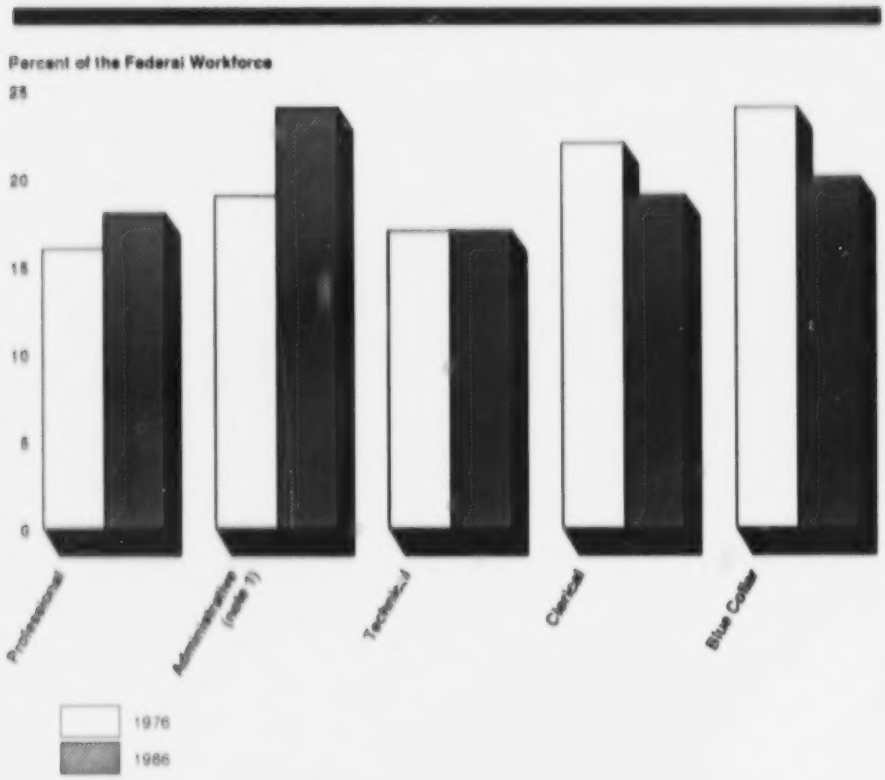
Enhancing Government's Ability to Respond to a Dynamic Environment

Major changes are occurring in the type of work the government does and in the environment in which it competes for talent. There is a rapidly expanding need for a more highly technical workforce. Moreover, expected demographic changes will heighten competition with the private sector, nonprofit organizations, and state and local governments.

While the federal workforce has grown relatively little over the past 10 years, it is increasingly becoming more knowledge-based, scientific and technical. The National Academy of Sciences (National Research Council) found in November 1986 that managerial responsibilities have changed as government has increased its role as founder, regulator, and manager of activities done by others. Federal employees often now face tasks involving highly complex technical and scientific issues. For example, EPA officials must regulate new chemicals each year, and defense department employees are responsible for ensuring that totally new weapons systems meet tight research and production schedules while keeping within budgetary constraints.

The Congressional Budget Office, using OPM data, has illustrated the changes occurring to the federal workforce over the past decade. The government's civilian workforce grew little in size from 1976 to 1986 but experienced changes in occupational mix and level of expertise. The trend has been toward a more white-collar, better educated workforce, as shown in figure 3.1.

Figure 3.1: Changes in Selected Occupational Groups, 1976-1986



Note 1: OPM defines administrative occupations to cover a variety of administrative and management areas such as computer scientists, budget analysts, and contract specialists.

Source: Congressional Budget Office using OPM data.

At the same time that the government's need for a more highly skilled workforce grows, so does the private sector's. According to Workforce 2000, a study of work and workers for the 21st century initiated by the Department of Labor and done by the Hudson Institute, the fastest growing jobs in the private sector will be in fields requiring the highest education and skill levels. Similarly, a 1988 report prepared by the Hudson Institute for OPM, entitled Civil Service 2000, found that the skills required of federal workers are greater, on average, than those of employees in the nation as a whole and that federal jobs are increasingly requiring higher managerial and skill levels.

While the need for high caliber skilled managers and workers will increase, nationwide demographic changes will engender stiff competition for increasingly scarce human resources. Workforce 2000 found that the U.S. population and its workforce will grow more slowly than at any time since the 1930s. The population, which was growing at about 1.9 percent per year in the 1950s, will be growing by only .7 percent by the year 2000. The labor force, which grew by 2.9 percent a year in the 1970s, will be expanding by only 1 percent annually in the 1990s.

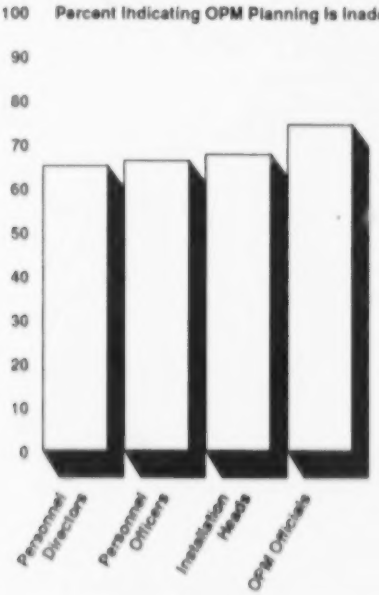
In addition, the average age of the population and the workforce will rise as the pool of young workers entering the labor force shrinks. The average age of the workforce will climb from 36 today to 39 by the year 2000. The number of young workers age 16 to 24 will decline by almost 2 million, or 8 percent.

OPM's Governmentwide Planning Efforts Are Limited

Although CSRA envisioned OPM would provide leadership in planning for the emerging needs of the workforce, OPM has not met this expectation. OPM did contract for Civil Service 2000 to identify how changes in the labor market will affect the government's ability to hire and retain needed staff in the future. However, it was the first review of this kind that OPM had undertaken. According to officials who are managing the effort, OPM does not anticipate making such reviews on a regular basis because it does not believe an ongoing review effort is necessary. OPM believes that changes in the use of its programs (for example, increased agency requests for special pay rates) will indicate the need to do another comprehensive assessment. Nonetheless, more than half of each major group of officials we surveyed believed that OPM is not adequately planning for the future needs of the workforce, as indicated by figure 3.2. No more than 10 percent of any group of respondents believed to a great or very great extent that OPM was adequately planning for future workforce needs.

Civil Service 2000 was a good first step. But OPM needs an ongoing, more vigorous governmentwide planning effort. A systematic effort is critical if OPM is to develop the personnel program to enable the government to operate successfully in a changing environment. Technological advances and the increasing complexity of federal jobs will continue to alter the structure of the federal workforce, and demographic changes will force additional competition for needed staff.

Figure 3.2: OPM's Planning Efforts Are Viewed as Inadequate



Workforce Quality Assessments Needed

Assessing the quality of the federal workforce is one area in particular where much more attention is needed. We recently reported that neither OPM nor the agencies collect information that enables them to determine the quality of the federal workforce.[1] The information is important to gauge the quality of individuals being recruited, of the existing workforce, and of those individuals leaving. Such data are needed to identify problem areas and develop viable strategies for addressing future workforce needs.

OPM recently has announced an initiative to gather data on the quality of the federal workforce. OPM plans to develop a data base using information it will gather when individuals apply for jobs with the government. This information will be used as a baseline from which OPM plans to track employees in selected occupations at various points in their careers. While such an approach will provide information on the quality of the applicant workforce, it will be years before OPM is able to analyze the quality of the existing workforce or the quality of those leaving federal employment, two components we consider essential to a complete

[1]Federal Workforce: A Framework For Studying its Quality Over Time (GAO/PEMD-88-27, Aug 1988)

system. In addition, OPM has subjected neither the research design nor the data collection instrument to outside review and testing. Finally, because OPM eliminated much of its research program in the early 1980s as part of its retrenchment effort, it may not have the resources or institutional commitment needed for such an effort.

Impact of New Retirement System and Pay Gap Need Additional Study

OPM also has not fully planned for the human resource implications in two other important areas: FERS and the federal/private sector pay gap. Neither of these issues received a comprehensive assessment in Civil Service 2000.

For example, OPM has made little attempt to identify and address the staffing implications of FERS because it believes that major changes in federal hiring patterns will not occur for 10 to 15 years. We do not agree. Because OPM expects that FERS, with its portable retirement benefits, will to lead increased turnover, the government may require expanded recruiting and hiring strategies that are designed to attract mid-career candidates. OPM's recruitment program, however, concentrates largely on college recruitment rather than the mix of entry-level and mid-career staff acquisition that will likely be the result of FERS. We believe, therefore, that OPM needs to systematically assess the staffing repercussions of FERS.

OPM also has made limited efforts to evaluate staffing implications of the federal/private sector pay gap even though it has been reported that the current pay gap is about 26 percent for General Schedule employees and may be as high as 65 percent for the SES. Our prior work has found that most information on the success or failure of recruitment efforts is anecdotal and that neither the agencies nor OPM, with the exception of the special rates program, routinely collect and analyze recruitment information.[2] Such information is needed to more fully determine the extent to which pay and other factors contribute to acquisition problems and to identifying possible solutions.

OPM has started to study the federal pay system. For example, in April 1988, OPM initiated an effort, in conjunction with the Air Force and BLS, to conduct research on federal white collar locality-based pay issues. OPM also has proposed legislation—the Civil Service Simplification Act—which provides agencies with the option to replace the current

[2]Federal Workforce: Pay, Recruitment, and Retention of Federal Employees (GAO/GGD-87-37, Feb. 1987).

classification structure with broad pay bands. The proposed legislation is currently with congressional committees.

OPM's proposal is based on the results of a demonstration project at the Navy's China Lake and San Diego installations. When we recently reviewed the Navy demonstration project, we found that the project showed that a pay-for-performance system with revised personnel processes to classify, appraise, and pay federal employees is workable. The project also showed that line managers could be given authority and responsibility for making personnel decisions—a factor the Navy considered to be essential in implementing the revised system. However, insufficient data were available to characterize the project as successfully meeting its objectives of enhanced organizational effectiveness, greater managerial flexibility to assign work, and improved employee recruitment and retention.[3]

Continued Expansion of Research and Demonstration Projects Needed

Under CSRA, OPM has responsibility for carrying out, either directly or through federal agencies or other organizations, personnel management research and demonstration projects. OPM was to establish and maintain a program for the collection and public dissemination of personnel management research information and encourage and facilitate the exchange of such information among interested parties. OPM also was to evaluate the results of these projects for their governmentwide applicability and disseminate the results to appropriate audiences.

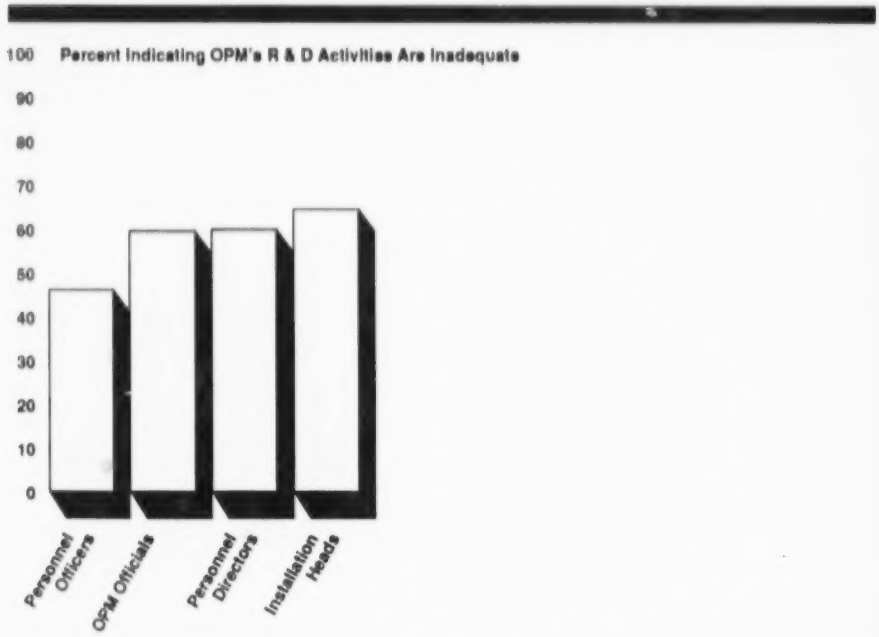
OPM, however, has not fully used its authority to promote innovative personnel management. For example, officials we surveyed were critical of OPM's research and demonstration activities. At least 70 percent of personnel directors did not believe OPM had increased the quantity, or improved the quality, and dissemination of public management research information. In addition, OPM has given final approval to four research and demonstration projects in the last 10 years.[4] OPM anticipates approving additional projects since a number of projects presently are in various stages of the review process. Since 1987, Congress has authorized two additional projects, one at the National Institutes of Standards and

[3]Federal Personnel: Observations on the Navy's Personnel Management Demonstration Project (GAO/GGD-88-79, May 1988).

[4]The four approved projects are: Naval Ocean Systems Center in San Diego, California; the Naval Weapons Center in China Lake, California; the FAA's Airway Science Curriculum Project, McClellan Air Force Base, in Sacramento, California; and the Naval Supply Center in Norfolk, Virginia. We reported on the status of these projects and other research and demonstration issues in Federal Personnel: Status of Personnel Research and Demonstration Projects (GAO/GGD-87-116BR, Sept. 1987).

Technology (formerly the National Bureau of Standards) and one at the Federal Bureau of Investigation. Nonetheless, survey respondents believed OPM had not adequately supported or carried out personnel research and demonstration projects, as indicated by figure 3.3. Fewer than 17 percent of respondents in each group believed OPM had fulfilled this key CSRA goal to a great or very great extent.

Figure 3.3: OPM's Research and Demonstration Activities Are Viewed as Inadequate



OPM began to revitalize its research and demonstration efforts in August 1986. As part of this effort OPM created an Office of Systems Innovation and Simplification and surveyed a wide range of individuals and organizations on their views as to what should be studied. In September 1988, OPM issued a "Research Agenda" that suggested issues for study such as federal pay, performance, and recruitment issues and invited agencies to work with OPM to gather needed information.

Agency Workforce Planning Is Insufficient to Address Personnel Challenges

Inadequate workforce planning has contributed to mission and personnel management problems in the agencies. A fully developed workforce planning process should be a vital part of management planning and decision processes so that personnel requirements are geared to meet program objectives. Sustained attention of top agency leaders is needed because they are responsible for identifying the numbers and types of staff required to accomplish mission goals. OPM could assist the agencies' planning efforts by serving as an advocate for planning and acting as a clearinghouse for planning advice and information.

Workforce Planning Is Limited

Our previous work and studies done by others have found that federal workforce planning efforts are not always as they should be. We reported as early as 1980 that OPM, OMB, and the agencies needed to give a renewed emphasis to workforce planning issues.[5] More recently, the PCMI, in its review of private sector and public sector human resource management efforts, found that federal planning efforts are limited.[6]

The PCMI reported that while private sector organizations integrate human resource planning into the business planning process, federal agencies generally do program and budget planning separately from human resource planning. The PCMI concluded that "the budget process itself becomes the mechanism for the allocation of human resources." As we noted in chapter 3, human resource decisions that are driven by budget considerations are often short-sighted and inefficient.

The responses to our surveys confirm that federal workforce planning efforts are limited. For example, 47 percent of installation heads and 43 percent of personnel officers believed that agencies are not adequately planning for their future workforce needs.

Inadequate Planning Contributes to Poor Service Delivery

Insufficient workforce planning can hamper the delivery of essential services to the American people by contributing to staff shortages, and increased program costs and delays. For example:

- The Social Security Administration's failure to determine the number and skill levels of automated data processing personnel needed to

[5]Federal Workforce Planning: Time for Renewed Emphasis (FPCD-81-4, Dec. 30, 1980).

[6]Applying the Best to Government: Improving the Management of Human Resources in the Federal Government Through a Private-Public Partnership, Volume II, sponsored by the PCMI, 1987.

update its computer systems contributed to limited progress toward much needed modernization. Computer problems have resulted in poor service to the public including inaccurate or delayed payments.[7]

- EPA's workforce planning processes underestimated the number and types of staff needed to implement the Superfund program, which is intended to manage the clean-up of hazardous waste sites that threaten the nation's health. According to EPA officials, these staff shortages hampered the success of managing clean-up efforts.[8]
- The Federal Aviation Administration's staffing standards have not accurately reflected air traffic controller needs, particularly in providing sufficient staff to cover peak periods and establishing an adequate training pipeline.[9]

Improved Succession Planning Needed

Addressing turnover among the SES is one area where agencies need to enhance planning efforts. Significant turnover could seriously affect the continuity and institutional memory needed to resolve various administrative and programmatic problems.

Many senior executives are planning to retire within the next few years. In response to a survey we did in 1987, about 50 percent of the SES members indicated that they were currently eligible to retire, or will be eligible within the next 5 years. Over half currently eligible to retire said they plan to leave within 3 years; over half not currently eligible said they plan to leave the SES within a year after they become eligible.[10]

Agencies are making only limited use of opportunities to identify and address senior executive staffing problems. For example, the President's Commission on Compensation of Career Federal Executives reported in 1988 that no federal agency has developed time series indicators or more general data to identify trends and problems in SES staffing. Such information is urgently needed, the Commission concluded, to measure the status of SES recruitment and retention. In addition, our earlier work

[7]Social Security Administration: Stable Leadership and Better Management Needed to Improve Effectiveness (GAO/HRD-87-39, Mar. 18, 1987).

[8]Superfund: Improvements Needed in Work Force Management (GAO/RCED-88-1, Oct. 26, 1987).

[9]FAA Staffing: Improvements Needed in Estimating Air Traffic Controller Requirements (GAO/RCED-88-106, June 1988).

[10]Senior Executive Service: Executives' Perspectives on Their Federal Service (GAO/GGD-88-109FS, July 1988).

has shown that agencies generally have not used Candidate Development Programs to identify, develop, or select promising staff for future executive positions. The Candidate Development Program was established to identify persons with SES potential and to better prepare them for executive positions through managerial training and development.[11]

OPM has recently started some initiatives to address SES problems. It established an SES Advisory Board to identify ways to improve the SES, has taken steps to address SES training and development needs, and plans to accumulate data on SES characteristics and trends. Such activities are needed as only 18 percent of installation heads and 10 percent of personnel officers thought that agencies were recruiting and retaining highly qualified SES managers to a great extent.

Sustained OPM and Agency Leadership Needed to Improve Workforce Planning

Workforce planning has not always received the long-term support from top management that it needs to be fully effective. When we have reviewed agencies' general management, we have found problems resulting from frequent turnover of top leadership and little or no attention to long-term planning. There frequently was insufficient attention and accountability at the top levels of the agency for day-to-day management issues associated with leading large and complex organizations.

One example at the Department of Labor, however, illustrates what can be accomplished when sustained attention is given. In our 1985 general management review at Labor, we reported that its early workforce planning efforts were not fully successful, in part because managers in some components were not held accountable for workforce planning issues. We concluded that stronger Secretarial emphasis was needed.[12]

In response to our recommendations, Labor developed a workforce planning system which systematically links program planning and budgeting processes with human resource decisions, so that workforce needs are identified and budgeted on the basis of program plans. Labor components are required to analyze their workforce needs as part of the annual budget call. Key questions that the components consider include: what personnel resources are needed to fulfill the program plan, what

[11]Senior Executive Service: Reasons The Candidate Development Program Has Not Produced More SES Appointments (GAO-GGD-88-47, Apr. 1988); Senior Executive Service: Agencies' Use Of The Candidate Development Program (GAO-GGD-86-93, July 1986).

[12]Strong Leadership Needed To Improve Management At The Department of Labor (GAO/HRD-86-12, Oct. 21, 1985).

people are currently available, and how the component plans to obtain and/or develop needed resources.

Labor's approach is based on the understanding that the agency is competing in a changing labor market which affects both Labor's ability to attract needed staff and the types and locations of the Department's work. We reviewed the Labor system in 1986 and concluded that its requirements are consistent with generally accepted standards for human resource planning.[13] Labor components' fiscal year 1988 human resource plans identified a number of issues that Labor is working to address including the need to improve training, enhance succession planning efforts, and examine additional opportunities to contract out work.

Labor's ability to implement its revised workforce planning program has been due in large measure to the support the effort received from the Secretary and Labor's other top leaders. The PCMI, in its review of the Labor approach, concluded that the key to reproducing Labor's effort is not so much the specific elements of its system, but rather the extent to which agencies are willing to commit the time and resources needed to do workforce planning.

OPM believes that it has a limited role in workforce planning. According to the Associate Director of the Career Entry Group, OPM's responsibility is to provide agencies with the mechanisms to recruit and hire needed staff. The official noted that workforce planning is fundamentally a responsibility of the agencies, and there is little that OPM could do to force agencies to use workforce planning. The lack of OPM involvement in workforce planning is confirmed by the responses to our survey of agency personnel directors; over 81 percent reported that OPM had provided limited assistance in their agencies' workforce planning efforts through providing guidance and encouragement, or acting as a clearinghouse for workforce planning information.

While OPM is not in the position to force agencies to plan for their personnel needs, its absence in providing leadership and assistance can impede agency efforts to improve planning. For example, in developing its current program, Labor officials found that OPM was unable to suggest sources of information on workforce planning. While OPM's inability to provide direction did not ultimately affect the implementation of the Labor program, it did result in delays in developing the program.

[13]Department of Labor: Assessment of Management Improvement Efforts (GAO/HRD-87-27, Dec. 1986).

Officials in EPA's Office of Human Resources Planning who are developing an agencywide workforce planning proposal have had limited interaction with OPM because OPM is not in the position to provide them with broad direction on workforce planning matters. These officials believed it would be helpful if OPM was more involved in serving as a focal point for information on planning efforts.

OPM could assist agencies' planning efforts in several ways. It could develop broad guidance, disseminate data on best practices, act as a clearinghouse, and encourage the use of workforce planning. It could also join with the agencies to determine the information needed to identify and address hiring problems. For example, the President's Commission on Compensation for Career Federal Executives recommended that OPM work with the agencies to develop overall workforce planning measures to determine the success of SES recruitment and retention efforts.

Conclusions and Recommendations

Improved efforts by OPM and the agencies are critical if the government is to address emerging challenges. Failure to fully prepare for human resource needs has contributed to inadequate service delivery in the past and will not serve the country well in coming years. OPM needs to develop and implement a strategy to improve workforce planning, particularly in view of the rapid changes taking place in the environment in which the government operates. Specifically, we recommend that the Director of OPM:

- Establish an ongoing, viable planning program to identify and prepare the government for its future workforce needs as an integral part of OPM's activities. Such a program should include at a minimum: (1) establishing a continuing effort to identify key emerging demographic, social, and economic trends and changes to the structure of the federal workforce; (2) developing information on the quality of the federal workforce; (3) enhancing analysis of the staffing implications of the federal pay structure; and (4) identifying and addressing the potential staffing repercussions of FERS.
- Actively encourage workforce planning in the agencies and provide or help arrange assistance to the agencies if requested.
- Serve as a central clearinghouse for workforce planning practices and trends in the public and private sectors, and publicize successful planning efforts.
- Culminate the recently initiated efforts to increase the quantity and quality of personnel management research with a well-defined research strategy, and provide usable products to the agencies.

Consistent OPM Leadership Needed to Address Hiring Challenges

The government is faced with pressing challenges in attracting quality people. Agencies report that efforts to hire needed staff are hampered by various factors including the timeliness and effectiveness of the hiring process and recruitment problems. OPM currently is implementing an effort to improve its governmentwide hiring and recruitment programs, but fundamental shifts in OPM's policies over the last 10 years have limited its effectiveness. For example, previous programs to delegate examining authorities and provide recruitment assistance were sharply reduced in the early 1980s, thus hampering agencies' hiring efforts.

These areas are now receiving priority attention, but the momentum needs to be sustained if OPM's efforts are to achieve lasting results. As part of the effort to sustain a consistent focus, OPM needs to develop an ongoing program to assess its hiring program to document successful efforts and identify areas needing additional attention.

OPM Has Key Responsibilities

OPM faces formidable challenges in assisting the agencies in hiring the staff they need. Much of the history of the civil service can be seen as a struggle to find the appropriate balance between ensuring merit protection on the one hand and providing managerial flexibility on the other. The challenge continues to this day. A primary goal of CSRA was to improve the efficiency of the hiring process while maintaining adherence to merit principles. According to the Federal Personnel Manual, OPM has the following responsibilities:

- planning, coordinating, directing and seeking to improve the governmentwide recruiting function;
- supervising and carrying out recruiting and examining operations through regional and area offices;
- providing public education and institutional promotion programs; and
- providing leadership and assistance to agencies in carrying out these activities.

CSRA provides the Director of OPM with the authority to delegate examining and other personnel management authorities to the agencies. In 1977, President Carter's Personnel Management Project concluded that centralized employment examining caused unnecessary hiring delays and resulted in agency dissatisfaction with applicant quality. To solve these problems, the Project recommended reducing the personnel system's complexity and giving agencies increased authority. The Project's findings and recommendations provided impetus for CSRA.

OPM examines for most positions in the competitive service through a variety of written and unwritten examinations. From these examinations, OPM develops and maintains lists (or registers) of qualified candidates. When an agency is interested in hiring, OPM provides it with a list of the best qualified candidates for consideration.

The Professional and Administrative Career Examination (PACE) formerly served as a nationwide, open, written competitive examination to rate, rank, and hire entry-level applicants for 118 professional and administrative occupations. A nationwide class filed a lawsuit in 1979 charging that PACE discriminated against minorities. In 1981, the government entered into a consent decree with the plaintiffs and agreed to abolish PACE.

After PACE was eliminated in 1982, OPM developed a Schedule B hiring authority, which enabled employees to be hired directly under excepted appointments. OPM also began designing tests for some of the 118 individual occupations formerly covered by PACE. Through June 1988, examinations have been developed for 16 of the 118 occupations. These 16 examinations are used for approximately 60 percent of all external hiring into professional and administrative positions. In addition, questions as to whether the use of the Schedule B authority meets merit system principles have been raised by MSPB and others; the issue is currently in litigation.

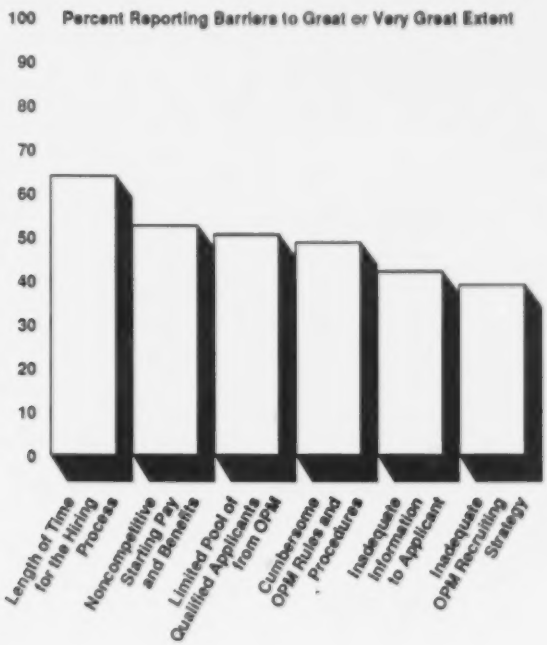
OPM announced a proposed new hiring process in June 1988. OPM plans to allow agencies to hire, without testing, applicants with college grade point averages above a still-to-be-determined point between 3.0 and 3.25. Other applicants can qualify for positions by taking a written test in one of a number of major occupational fields such as financial and program management. These tests also will include an evaluation of the applicant's "civic virtue and moral character." Since OPM is still working out the details of how the new process would work, we were not able to assess the merits of the proposal.

Agencies Report Barriers to Effective Hiring

Our surveys of both personnel officers and personnel directors indicated that barriers to acquiring quality people are hampering agency hiring efforts. We asked personnel officers about the extent to which various factors may act as barriers to acquiring needed staff. Figure 4.1 presents the factors they most frequently cited. Responses fall into three broad areas:

- problems with the process used to hire (i.e., the length of time for the hiring process, the limited pool of qualified applicants on OPM registers, and cumbersome OPM procedures),
- difficulties caused by noncompetitive federal pay, and
- problems with recruitment (i.e., inadequate employment information from OPM and inadequate OPM recruiting strategy).

Figure 4.1: Factors That Hamper Staff Acquisition



About 64 percent of personnel officers identified the lack of timeliness as a barrier that significantly hampers staffing efforts. One personnel officer noted that

"The length of time it takes to establish registers or rank candidates often results in the loss of a candidate or potential candidates for positions. Most good candidates will apply to more than one employer. Their decisions on acceptance of an offer are sometimes tied to when they receive it. If it takes six weeks to even find out if you are eligible to be offered a job, the candidate loses interest and accepts another offer."

Insufficient numbers of qualified candidates on OPM registers and cumbersome OPM procedures also were listed as barriers. For example, an agency chief of staffing policy said OPM registers are frequently outdated and are filled with individuals who have a general interest in working for the government rather than for a particular agency. Thus, delegated examining enables an agency to target recruitment efforts toward individuals it needs.

Noncompetitive starting federal pay and benefits also was identified as greatly hindering hiring efforts by over 52 percent of personnel officers. One noted that "[T]he government has become the employer of last resort in recent years. Respect for government employees needs to be restored. Pay and benefits need to be brought back to competitive levels."

Personnel officials identified a number of recruitment problems, such as inadequate information to the public and limited OPM leadership. For example, 42 percent of personnel officers believed that the inability of applicants to get employment information from OPM greatly hindered hiring efforts. In response to our survey of personnel directors, only 10 percent believed that OPM had been effective in providing leadership in carrying out recruitment efforts.

More specifically, in our survey of personnel directors, over 55 percent reported that OPM had been ineffective in supplying comprehensive job information to the public through job information centers. These centers are OPM offices throughout the country where the public can receive information on employment opportunities and application procedures. Further, over 61 percent of personnel directors thought OPM had been ineffective in making contact with potential sources of qualified personnel, such as colleges and professional associations.

OPM's Reform Initiatives Should Improve Staffing

OPM has formulated a number of initiatives to address some of the major impediments to hiring. Several of OPM's specific plans were outlined in the President's Management Reports for fiscal years 1988 and 1989. The fiscal year 1988 report said that the federal personnel system has become excessively complex and cumbersome and is in need of reform in two general areas: simplification of the personnel system and improved human resource management.

Two programs—recruitment and delegated examining authority—that are currently high priorities at OPM should improve agencies' ability to

attract and hire quality staff. A consistent programmatic direction, however, needs to be maintained. Past OPM staffing programs have not been effective, in part, because fundamental shifts in OPM policies have significantly altered these programs. Current reform efforts need to be sustained to achieve lasting effectiveness.

OPM Reactivating Recruitment Program After Years of Inactivity

OPM has an important role in federal recruitment, but its strategies have gone through three distinct phases in the last 10 years—an initial active recruitment program, a period of virtual inactivity in recruitment matters, and the current major initiative to revitalize its program. The CSC and, in its early years, OPM, had an active recruitment effort, managed by an Office of College Relations. This effort included publicizing the availability of federal employment, maintaining college recruitment efforts, and developing and issuing information pamphlets promoting federal service generally and selected occupations in particular.

OPM began a retrenchment effort in the early 1980s, however, that terminated many recruitment services to individuals and agencies. The Office of College Relations was eliminated in 1982, and OPM decreased the number of information pamphlets on federal employment that it published from around 85 to about 15. OPM also reduced the number of job information centers from over 100 to about 50, and hours of operation were shortened in many of the remaining centers.

OPM's recruitment program remained virtually inactive until 1987. OPM officials told us that the overall effect of reducing the number of information pamphlets and operations of job information centers was to curb significantly the amount of information that was available to individuals interested in working for the government.

OPM currently is enhancing its recruitment program, focusing initially on college recruitment. Projects include establishing contacts with colleges and universities, sponsoring job fairs, and developing and issuing recruiting materials. OPM also has formed an Interagency Advisory Group Subcommittee to advise it on its recruitment program. Further, OPM is moving toward using state employment centers to disseminate information on federal employment opportunities and in August 1988 announced plans to authorize agencies to contract with private employment agencies to recruit for certain technical positions.

The current efforts appear to be consistent with the needs of the agencies as reported by personnel officers. Responses to our survey indicated

that almost 70 percent of personnel officers desired increased general OPM efforts in federal recruitment, such as disseminating information on federal employment opportunities; about 32 percent desired an increase in specialized recruitment assistance. Overall, personnel directors were highly supportive of OPM's efforts to revitalize its college recruitment program. Seventy-five percent reported that OPM's recruiting initiative should have a positive effect on federal personnel management.

Developing and implementing the revitalized recruitment program, however, will be a long-term effort, in part due to the need to rebuild the basic structure of a college relations program. For example, OPM has had to reestablish contact with colleges and professional organizations after a prolonged absence. It also was forced to redevelop internal expertise in recruitment matters that was lost when the college relations program was inactive.

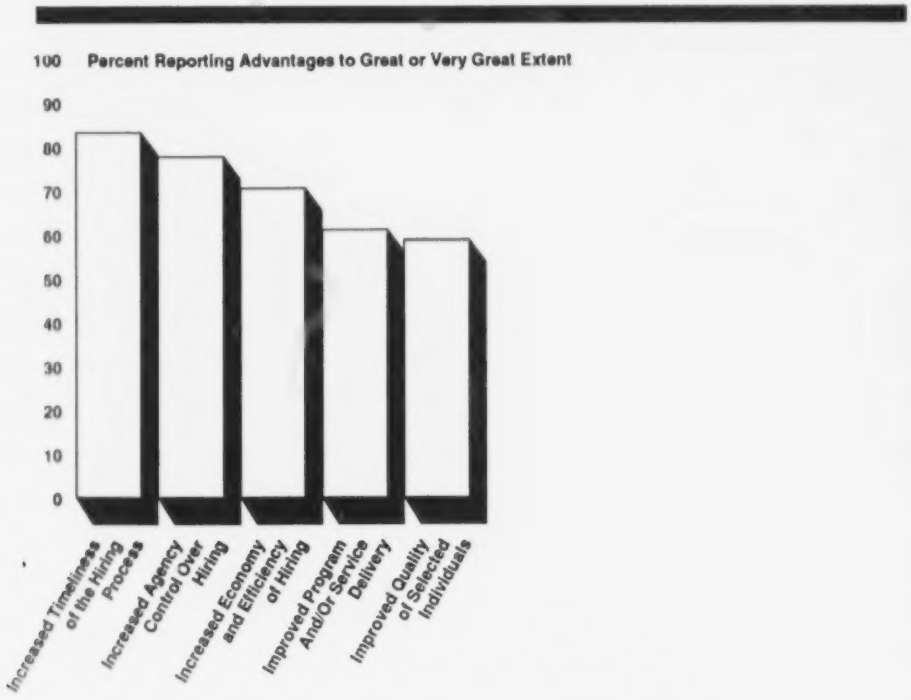
OPM Again Promoting Delegations of Examining

OPM also has a number of ongoing projects to deregulate and simplify hiring procedures. For example, OPM is delegating employment examining, providing direct hiring authorities, consolidating examinations, and revising job qualifications standards. Personnel directors we surveyed were very supportive of these initiatives; for example, all reported that increasing delegations of examining authority will have a positive effect on federal personnel management. In addition, over 68 percent believed OPM's program to consolidate examinations will have a positive effect; 90 percent believed the same for the project to revise qualifications standards.

The agencies consistently have maintained that centralized examining is ineffective and that delegated examining improves the efficiency and effectiveness of the hiring process. Less than one-third of the personnel directors thought OPM had been effective in carrying out examinations operations. Personnel directors who had experience with delegated examining generally reported that it had improved their agency's ability to hire quality employees in a timely manner. Figure 4.2 indicates the primary advantages to delegated examining as reported by personnel directors.

OPM's position on delegated examining authority, however, has varied significantly over the years. Initially OPM encouraged delegated examining based on its reading of CSRA. In 1981, however, OPM revised its interpretation of the act, issued new guidance, and withdrew certain

Figure 4.2: Advantages to Delegated Examining Authority



delegations. OPM acknowledged at the time it revised its position on delegated examining that such authorities had worked well and that few problems or abuses had been identified that would justify withdrawing delegations. However, it altered its delegations policy based on its revised interpretation of CSRA's requirements.

In May 1987 OPM again revised its interpretation of CSRA and issued new policy and guidance for delegating examining authority. According to officials involved in the examinations program, OPM's current position is to encourage agencies to accept delegations of examining authority. At the end of fiscal year 1987 about 37 percent of all competitive selections were made under a delegated examining agreement.

Additional Assessment Needed

OPM needs an ongoing effort to assess the effectiveness of its staffing program and to determine areas where improvements are needed. Improved documentation of the reported advantages of delegated examining would better provide a record for OPM and Congress to consult

when OPM considers changes to its delegations policy. In developing such a record, OPM needs to gather information on the benefits and costs of centralized OPM examining as opposed to delegated agency examining. Such information is important because CSRA requires that economy be a central consideration when OPM makes delegations decisions. OPM formerly required agencies to submit cost data for delegated examining but discontinued the requirement because OPM did not use the information and agencies reported costs inconsistently.

OPM also needs to expand its efforts to assess the success of its recruitment efforts. OPM solicits feedback on its recruitment program from a variety of agency sources such as the Interagency Advisory Group subcommittee on recruitment and Federal Executive Boards. However, OPM needs to expand its assessment efforts to more fully include major groups outside the government that have an impact on recruitment, such as college placement officers. Ongoing input from these groups is critical to measuring the effectiveness of recruitment programs. OPM has surveyed college placement officers on its recruitment program in the past and is developing another survey, but it has not established a formal mechanism to acquire feedback on a continuing basis.

Conclusions and Recommendations

OPM recently has launched an ambitious staffing reform agenda that is aimed at deregulating the hiring process and providing recruitment assistance. Such an effort has long been needed. The officials we surveyed were very supportive of major elements of OPM's current reform agenda. The ultimate success of OPM's efforts, however, will depend on its ability to sustain a consistent programmatic focus. Past OPM efforts have not been fully successful due, in part, to changing policies in recruitment and delegations.

An ongoing effort to assess its staffing program could assist OPM in maintaining a consistent direction by documenting program accomplishments and identifying areas needing additional attention. We therefore recommend that the Director of OPM require ongoing assessments of OPM's staffing program. At a minimum this assessment effort should include:

- instituting systematic reviews of the effectiveness of delegated examining, including establishing, in consultation with the agencies, measurable standards for cost, effectiveness, and timeliness; and

- enhancing recruitment feedback mechanisms by seeking continuous input from major recruitment constituencies such as college placement officers, in addition to the agencies.

Performance Improvement Efforts Need Further Attention

As the nation continues to cope with budget deficits and increased needs for services, improving individual and organizational performance in government agencies is increasingly important. As a key indicator of performance, productivity measures how efficiently or effectively resources are transformed into goods or services. The quality of those goods and services is equally important. Productivity and quality improvement can contribute significantly to cost reduction and improved services if approached systematically throughout an organization with clear goals, measures, and accountability.

Human resource improvements are an integral part of increasing productivity and quality. In recognition of that, CSRA delineated key elements of human resource improvements. Under CSRA, the combination of increased attention to performance and improved appraisal and awards programs was to lead to greater efficiency and effectiveness. Ten years after the act's passage, however, more remains to be done to fulfill that goal. Many agencies need assistance in improving productivity and quality, and the cornerstones of performance improvement set forth in CSRA—performance appraisal and pay-for-performance—remain problematic. OPM has ongoing performance management initiatives but more aggressive leadership is needed to resolve lasting governmentwide problems.

Developing accurate tools and resources for measuring individual and organizational performance has been long recognized as one of management's most difficult tasks, both in the private and public sectors. Performance and productivity improvement often are difficult to gauge, particularly when subjective work is involved. Although somewhat elusive and hampered by inherent difficulties, measuring performance remains of central concern to federal managers. Greater leadership by OPM could be an essential catalyst in helping them make greater progress in developing reliable tools to improve performance.

More Work Needed to Improve Organizational Quality and Productivity

Agencies have primary responsibility for improving productivity and quality, but OPM also has a leadership role. To carry out the performance objectives of CSRA, OPM's first director established a Workforce Effectiveness and Development Group to assist agencies in improving productivity through management analysis, improved measurement, and information sharing. Examples of OPM's efforts included (1) establishing a resource center to collect, evaluate, and disseminate information on productivity improvement, (2) providing on-site assistance in developing and using productivity measures, as well as conferences, seminars, and

training courses on productivity, and (3) holding workshops on productivity in common functions.

Work we did in 1982 showed that agencies spoke highly of OPM's efforts.[1] Agency officials said that OPM provided both formal and informal help in productivity improvement approaches and measurement. They also relied on OPM to keep them informed of productivity developments in other public and private sector organizations. However, OPM's Director Devine believed that the agency should limit its work to traditional personnel areas that did not include providing assistance in improving productivity. By November 1983, OPM had terminated its productivity guidance and assistance efforts.

Since then, OMB has taken on the leadership role in governmentwide productivity and quality improvement. OMB developed the President's Productivity Improvement Program (PIP), which was established by Executive Order 12552, dated February 25, 1986. This program, as revised in Executive Order 12367 dated April 27, 1988, aims to improve the quality and timeliness of service to the public and to achieve an annual average productivity increase of 3 percent in appropriate functions.

OMB's responsibilities as part of PIP include (1) providing guidance and coordination for the governmentwide effort; (2) using productivity and quality data in budget formulation; (3) tracking and monitoring progress in achieving productivity improvements; (4) working with agencies to identify and reduce or eliminate unnecessary or inappropriate regulatory and statutory barriers to productivity; (5) creating an atmosphere of positive reinforcement for productivity improvement; (6) working with agencies to develop quality and productivity improvement prototypes that can serve as models for similar functions in other agencies; and (7) working with OPM and other agencies to ensure that managers and employees receive continuing education in methods for achieving productivity and quality improvement.

OPM's responsibilities as part of PIP include (1) reviewing and recommending appropriate revisions to personnel policies and practices to support and facilitate agency implementation of the productivity program; (2) developing and issuing materials on selected topics, such as incentives and position management, to assist agencies in carrying out

[1]Increased Use of Productivity Management Can Help Control Government Costs (GAO/AFMD-84-11, Nov. 10, 1983).

flexible personnel practices; (3) developing and implementing training programs on quality and productivity management and improvement; and (4) assisting agencies to minimize negative impacts on employees that may result from implementing productivity improvements.

OPM reported to us in June 1988 that the following initiatives were ongoing as part of its productivity responsibilities.

- Personnel Director's Productivity Task Force. This initiative involved agencies identifying OPM requirements that made it difficult and costly for them to carry out their missions. The task force developed specific proposals to address problems including identifying applicable laws and regulations in need of change. According to OPM, the resulting changes streamlined career entry procedures, dropped requirements for advanced approval by OPM or for reports to OPM, and eliminated prescriptive standard operating procedures in areas such as special rates, classification, and performance awards.
- Participative Management. Key elements of this initiative included developing a training course for Federal managers in gainsharing[2] and employee involvement,[3] sponsoring two workshops, and taking actions to strengthen the governmentwide Incentive Awards Program. OPM is currently assisting OMB in establishing a Federal Quality Institute where federal agencies can learn management approaches to improve productivity, quality, and service, and is assisting agencies in designing gainsharing programs.

In a different review, our survey of productivity focal points of the 19 agencies participating in PIP showed that most do not believe OPM's activities are adequate. In responding to a questionnaire, none of the agency focal points believed that OPM had contributed in a very helpful manner to implementing the productivity program. In structured interviews, only 2 of 17 representatives who responded to the question said that OPM had been in contact with their organization regarding employee involvement; 3 said OPM had been in contact about gainsharing; and none said OPM had been in contact about other incentives.

[2]Gainsharing involves a formal incentive mechanism for distributing a portion of the savings from improved organizational performance to members of the workforce who contributed to generating the savings.

[3]Employee involvement is a process that provides employees with the opportunity to participate in decisions that affect their work and work environment.

Our recent surveys of personnel officers showed that agencies need further assistance to improve productivity and quality. More than 50 percent of personnel officers surveyed reported that they desired an increase in the following types of assistance, either from their own agencies or from OPM in:

- Generating and disseminating ideas for improving performance (71 percent).
- Providing specific technical assistance on how to measure such characteristics as productivity or motivation (65 percent).
- Providing an information clearinghouse on performance improvement applications or issues (65 percent).
- Providing guidance for implementing performance improvement initiatives or programs (60 percent).
- Providing information or guidance to aid strategic or long-term performance improvement planning (59 percent).
- Providing guidance on involving employees in developing ways to improve organizational performance (54 percent).
- Providing guidance on how to initiate a performance improvement program at the organizational unit (55 percent).
- Providing training to assist in performing tasks associated with performance improvement programs (54 percent).

Given the importance of productivity and quality improvement and the difficulties associated with measuring organizational outputs, it is appropriate for a central agency to assist others in achieving improvements. Further, providing needed assistance, such as guidance, clearinghouse functions, and idea generation, requires leadership from a central player to solicit and disseminate information across government.

OMB has been attempting to furnish these types of assistance through such efforts as providing an information clearinghouse, sponsoring seminars and conferences, and convening a working group to address productivity barriers. However, providing such technical assistance to agencies has taken away from the time that productivity specialists in OMB can use to assist budget examiners in their productivity improvement role. Further, agencies do not believe that providing technical assistance is an appropriate role for OMB. Of 24 Inspectors General and Assistant Secretaries we interviewed, only 6 believed that OMB's role in helping agencies face major problems of the future included providing technical assistance.

Given its limited resources, OMB's role is most appropriate in establishing overall policy guidance and providing oversight for the productivity area while working within OMB to focus on productivity improvement in the context of the budget process. OPM should be the focal point for working with the agencies and providing general awareness, training, and technical assistance, especially in areas related to human resource management. CSRA intended OPM to play a critical leadership role in innovative human resource practices and techniques. OPM's leadership role in this area is critical because human resource management should be an integral part of the government's program to improve productivity and quality. OPM once provided the type of assistance agencies now report they need and should redevelop its program to more directly address agencies' quality improvement and productivity assistance needs.

Tools for Improving Performance Need Further Attention

The key tools CSRA provided to improve performance were performance appraisals and pay-for-performance. However, systemic problems have prevented appraisals and pay-for-performance systems from living up to their potential. OPM has worked with the agencies to improve performance management systems and has several ongoing performance management initiatives but more aggressive leadership is needed to address longstanding problems.

Performance Appraisal Problems Need to Be Addressed

A primary goal of CSRA was to provide federal managers greater flexibility in managing employees. To help accomplish this and increase productivity, CSRA required agencies to develop new performance appraisal systems. It also gave OPM responsibility for recommending policies to improve the efficiency of the civil service, including policies related to improving the performance of employees. In carrying out this role OPM was to, among other things, review all agencies' performance appraisal systems for compliance with the act, establish research programs and initiate demonstration projects, disseminate information resulting from the research programs and demonstration projects, make technical assistance available to the agencies, prescribe regulations, and direct agencies to correct deficiencies in their systems.

Agencies have had their performance appraisal systems in place for several years, yet more needs to be done to address persistent problems. OPM has provided assistance to the agencies and has performance management initiatives ongoing. Systemic problems, however, continue to hinder effective appraisals.

Since CSRA was enacted in 1978, we have issued a series of reports on the performance appraisal systems implemented for SES, Merit Pay, GS, and blue-collar employees. Those reports repeatedly identified problems which prevent performance appraisals from realizing their full potential as envisioned by CSRA.

- A 1983 report on General Schedule performance appraisals noted that performance standards were not measurable and employee involvement in standard setting was limited.[4]
- A 1984 report on performance appraisals used for merit pay concluded that less than half of the performance standards we reviewed contained objective measures of performance, even though CSRA requires that objective criteria be used to the maximum extent feasible.[5]
- A 1984 report on SES performance appraisals noted that performance plans contained general rather than specific statements of expected levels of achievement and were not updated when executives' responsibilities changed.[6]
- A 1987 report on the Performance Management and Recognition System (PMRS) noted that some of the negative perceptions employees had about merit pay—such as mistrust of their performance appraisal systems—appeared to have been carried forward to PMRS.[7]
- Our latest performance appraisal review, issued in June 1987, centered on federal blue collar workers and said that problems similar to those affecting white collar employees, such as inadequate performance standards, also existed in blue-collar systems.[8]

Our 1987 surveys of personnel directors, installation heads, and personnel officers indicate that there continues to be problems with performance appraisal systems. For example, 57 percent of personnel officers across the country reported that difficulty in developing performance elements and standards which are clear, measurable, and objective is a major impediment to effective appraisal systems. Other barriers or problems personnel officers believed impede their units' abilities to effectively operate performance appraisal systems include

[4]New Performance Appraisals Beneficial but Refinements Needed (GAO/GGD-83-72, Sept. 15, 1983).

[5]A 2-Year Appraisal of Merit Pay in Three Agencies (GAO/GGD-84-1, Mar. 26, 1984).

[6]An Assessment of SES Performance Appraisal Systems (GAO/GGD-84-16, May 16, 1984).

[7]Pay for Performance: Implementation of the Performance Management and Recognition System (GAO/GGD-87-28, Jan. 21, 1987).

[8]Blue Collar Workers: Appraisal Systems are in Place, but Basic Refinements are Needed (GAO/GGD-87-72, June 18, 1987).

- a lack of consistency among raters (61 percent);
- performance appraisal processes which are too cumbersome and time consuming (54 percent);
- difficulty with counseling, providing feedback, and other interpersonal issues (38 percent); and
- lack of management support (37 percent).

The installation heads and personnel directors we surveyed also indicated that performance appraisal systems are not accomplishing key CSRA goals. For example, 51 percent of the installation heads were dissatisfied with the degree to which the performance appraisal process improves individual performance. Similarly, half of the personnel directors were dissatisfied with the degree to which appraisals have helped improve organizational performance.

Pay for Performance Also Needs Further Attention

Another performance management program provided for by CSRA was the merit pay system. That system changed the manner in which most of the government's GS-13 through GS-15 supervisors and managers were compensated. Pay increases were to be directly linked to job performance, rather than to length of service. The act gave OPM responsibility for establishing the merit pay system and for prescribing appropriate regulations.

The merit pay system did not work as well as expected. Problems centered around shortcomings in agencies' performance appraisal systems and the influence of nonperformance-related factors on employees' merit pay increases. In November 1984, to address these problems, Congress enacted changes to the merit pay system. The changes constituted PMRS and were intended to strengthen and improve the pay-for-performance principles introduced by the merit pay system.

Our January 1987 réport on the implementation of PMRS at selected agencies, however, noted continuing problems. For example, although PMRS prohibited agencies from prescribing ratings distributions (as had the merit pay system), various factors, such as budgetary constraints, pressured agencies to influence ratings distributions. Also, some of employees' negative perceptions about merit pay remained, such as mistrust of performance appraisal systems and concerns that ins ufficient funds were available to adequately reward performance.[9]

[9]Pay for Performance: Implementation of the Performance Management and Recognition System (GAO/GGD-87-28, Jan. 21, 1987).

Others monitoring the progress of the government's performance management programs also have noted problems with pay for performance. For example

- MSPB, in its December 1987 report on PMRS, noted that agency identification of PMRS problems tended to focus on the dollar limitation on the amount of money available for performance awards and the difficulty agencies are encountering in getting a reasonable distribution of performance ratings.[10] MSPB further noted, in its July 1988 report on performance management, that various problems are diminishing the practical effectiveness of the federal government's performance management programs. The report noted that 55 percent of employees responding to MSPB's 1986 Merit Principles Survey did not see a linkage between their pay and performance.[11]
- OPM's March 1988 report to the President and Congress on the fiscal year 1986 PMRS performance cycle noted continuing problems with performance standards and inflated performance ratings and concluded that "because there are continuing problems related to employee acceptance and the accuracy of performance ratings, future changes to the system may be needed."[12]
- An October 1987 Federal Executive Institute Alumni Association (FEIAA) survey noted that 66 percent of federal respondents did not think the current merit pay system is based on true merit.

Additionally, few respondents to our questionnaires thought that the CSRA goal of basing individual pay increases on the quality of performance rather than the length of service had been met. Only 27 percent of installation heads and 12 percent of personnel officers believed that this goal had been met to a great extent.

OPM's Performance Management Initiatives

In carrying out its performance management leadership role, OPM has worked with the agencies to improve performance management systems and has, over the years, made improvements and adjustments to performance management guidance, regulations, etc. It also has several

[10]Performance Management and Recognition System: Linking Pay to Performance (U.S. Merit Systems Protection Board, Dec. 30, 1987).

[11]Toward Effective Performance Management in the Federal Government (U.S. Merit Systems Protection Board, July 1988).

[12]Report to the President and the Congress: Performance Management and Recognition System—Fiscal Year 1986 Performance Cycle (U.S. Office of Personnel Management, Mar. 1988).

ongoing initiatives to improve performance management systems. Key aspects are:

- Simplification of the Performance Management System. Options being considered include simplifying the ratings and awards approval process, increasing agency flexibility in plan design, and reducing the number of mandatory rating levels.
- Preparation for Performance Management and Recognition System (PMRS) sunsetting legislation. Current PMRS legislation expires in September 1989. To prepare for this event, OPM convened agency personnel directors to discuss alternatives. A work group will address issues such as: (1) What are the problems with the current PMRS legislation? (2) What are the alternatives to PMRS? (3) How should pay-for-performance for mid-level managers be administered?
- Performance management evaluation. On-site OPM evaluations at almost 600 installations; OPM's Personnel Management Indicators Report, which is used to notify agencies of their overall personnel management performance (it should be noted that OPM has not issued the Personnel Management Indicators Report since 1986; a discussion of OPM's evaluation program is contained in ch. 6); and information gathered for OPM's annual report to the President and Congress on PMRS are examples of activities in this area.
- Technical assistance to agencies. OPM agency evaluations, together with statistical information gathered through various data bases, have enabled OPM to offer problem-specific technical assistance to agencies. Additionally, OPM's performance plan development and approval process assists agencies in improving their performance management systems on an individual basis. OPM publishes performance management guidance through the Federal Personnel Manual System and has published program-specific booklets to help agencies with the operation of their programs.
- Demonstration projects. OPM has supported several major projects to improve performance management by exploring new approaches to pay and performance. (OPM's research and demonstration activities are discussed in ch. 3.) For example, a demonstration project at McClellan Air Force Base in California featured (1) a productivity gainsharing system based on total organizational performance and (2) elimination of individual performance ratings, replacing them with group performance measures.

Despite these initiatives, longstanding performance management problems persist. More aggressive leadership is needed to resolve these governmentwide problems. In our survey, agency personnel officers told

us they could use more assistance with their performance management systems. Over 45 percent said their organizations desired an increased level of assistance in areas such as (1) developing a more timely and efficient performance appraisal process, (2) helping managers accurately reflect employees' performance in the performance appraisal, (3) developing performance elements and standards, (4) using the performance appraisal process to help improve organizational performance, and (5) developing management and employee support for the performance appraisal process. Additionally, 64 percent said they would like more assistance with obtaining information on innovative performance appraisal processes used at other government installations.

Conclusions and Recommendations

Performance improvement is increasingly important as the government has to provide more services with fewer resources. In recognition of that, a basic goal of CSRA was to increase individual and organizational performance. However, agencies need further assistance to improve productivity and quality, and systemic problems are preventing performance management systems from achieving their full potential.

While agencies were given primary responsibility for implementing performance management systems and improving productivity and quality, OPM was to provide governmentwide leadership. OPM has several performance management initiatives underway, yet continued widespread problems with performance management systems and the need for governmentwide productivity and quality improvement assistance mandate a stronger OPM role in addressing these concerns.

As the central personnel management agency, OPM is in the best position to conduct or coordinate additional research into systemic personnel management problems, gather further information on innovative means of addressing performance management hindrances, disseminate additional information on innovative personnel management, and assure that agencies get needed productivity and quality improvement assistance.

We recognize that devising tools for improving and measuring performance is one of managers' most difficult challenges, made all the more formidable by the often subjective nature of the government's work. Nevertheless, greater OPM leadership could be an essential catalyst in helping agencies and managers develop reliable methods for improving performance. We therefore recommend that the Director of OPM

- assert more leadership in ensuring that agencies receive the assistance they need to improve productivity, quality, and performance, including enhancing OPM's capability to provide, or help agencies acquire, special and technical assistance in areas such as setting performance standards, or measuring performance and motivation;
- establish a more aggressive outreach program into the public and private sectors to learn current practices and trends in performance improvement and quality and productivity management;
- enhance clearinghouse activities that disseminate information on innovative human resource practices to help agencies wishing to further their performance improvement efforts; and
- initiate additional research and support new demonstration projects to continue the search for ways to remove the barriers which prevent performance management systems from achieving their potential.

OPM's and the Agencies' Oversight Activities Need Improvement

Recognizing the decentralized environment envisioned in CSRA, the act placed a premium on merit protection and assigned OPM and the agencies responsibilities for oversight. However, OPM's primary oversight vehicle, its Personnel Management Evaluation (PME) program, has suffered from declining resources, and many federal officials believe it is not ensuring regulatory compliance or providing useful feedback.

OPM also has responsibility to assist agencies in improving their PME programs. However, our surveys show that more assistance is needed. OPM has recently announced plans to improve its own PME program as well as its assistance for agency PMEs. Such efforts are needed and should be implemented.

OPM and the Agencies Share Oversight Responsibility

Oversight of personnel management is essential to ensure that activities are being carried out in accordance with merit principles and that government managers and policymakers are receiving essential feedback about how effectively personnel programs are working. OPM and the agencies share responsibility for merit systems oversight.[1] OPM is responsible for administering, and enforcing civil service laws, rules, and regulations; the agencies are responsible for preventing prohibited personnel practices and complying with civil service requirements. Additionally, each executive department and agency is required to do internal PMEs. CSRA's legislative history indicates that Congress intended that OPM would have a strong and independent oversight program.

OPM and the agencies use PMEs as the key part of their oversight programs. OPM not only is to make independent assessments of agency personnel management but is also to provide leadership and assistance to agencies to improve their evaluation programs. Specifically, OPM is to (1) establish standards for agency evaluation systems, (2) research and develop evaluation methods, (3) insure the qualifications and training of agency evaluators, and (4) assess agency PME systems and require necessary improvements.

Before October 1983, both the OPM and agency PME approaches involved detailed case study reviews to assess regulatory compliance and seek corrective actions to problems identified. This approach was carried out on-site at an agency installation and took 1 to 2 weeks to complete.

[1]CSRA also assigned MSPB, the Office of the Special Counsel and GAO responsibility for merit systems oversight. However, as discussed in chapter 2, our work primarily concentrated on OPM's role as a central personnel leader.

In October 1983, OPM substantially revised its approach for making PMEs, and the agencies were specifically asked to stay with the former approach. OPM's revised approach is designed to collect, analyze, and report on personnel management practices at the installation, agency, and governmentwide levels. The revised approach consists of four major components:

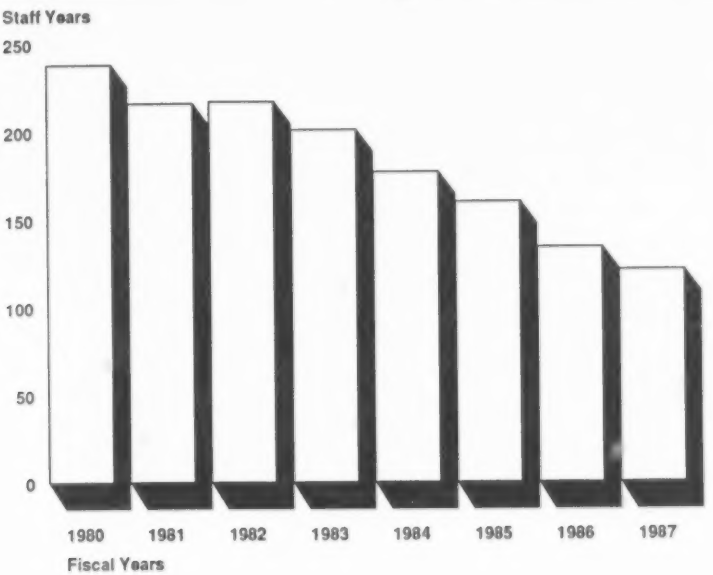
- Installation Assessment Visits. Each visit involves the collection and analysis of data from an installation on its position management and classification, staffing, performance management and personnel administration practices. A visit is generally done by one OPM evaluator who makes a 1- to 2-day on-site visit and issues a report to the managers at the installation, agency headquarters and OPM central office. As table 6.1 indicates, OPM has made over 3,400 of these on-site visits to agency installations from fiscal year 1984 through fiscal year 1988.
- Targeted Installation Reviews. These reviews are done at the discretion of each OPM regional office director. Each review addresses existing or suspected agency personnel problems based on findings from on-site visits and other sources. A review results in a report to the agency managers at the installation and headquarters levels. Table 6.1 shows that OPM has made a total of 67 Targeted Installation Reviews in fiscal years 1984 through fiscal year 1988.
- Personnel Management Indicators Report. This report, issued to top managers of the 22 largest agencies, is a compilation of standard data from the Central Personnel Data File, agency personnel management information systems, Installation Assessment Visits and other OPM program data bases. The report includes 45 personnel management indicators covering position classification and management, staffing, and personnel management. OPM has issued a separate report for each fiscal year from 1984 through 1986; reports for fiscal years 1987 and 1988 have not been issued.
- Agency Analysts. The analysts are OPM personnel specialists who are assigned specific agencies and serve as the main contact between agency headquarters and OPM on its oversight activities. The analysts monitor and analyze available personnel data on the agencies and consult with the agencies' staff to resolve personnel management and compliance problems identified by OPM's evaluations. The analysts also are responsible for providing the agencies advice and assistance on their internal evaluation programs. There are 12 OPM headquarters analysts for the 22 largest departments and agencies.

Table 6.1: OPM Evaluations Made During Fiscal Years 1984 Through 1988

	Fiscal year				
Component	1984	1985	1986	1987	1988
Installation assessment visit	872	794	572	581	583
Targeted installation review	3	7	23	16	18

In addition to the major change in OPM's evaluation program, staff years spent on OPM's PME program have declined almost annually since 1980. Between fiscal years 1980 and 1987, PME staff years have decreased by almost 50 percent from 238 to 121, as is shown in figure 6.1.

Figure 6.1: Declining Staff Devoted to PME



OPM's Oversight Still a Concern

We and other organizations have reported long-standing concerns regarding OPM's oversight of the merit system. For example, in 1981, the National Academy of Public Administration expressed serious concerns regarding OPM's oversight, including reductions in the organizational status and level of resources assigned to the OPM group responsible for oversight. In addition, both in 1984 and 1986, MSPB reviewed OPM's

revised approach for PMEs. The 1984 report found that 17 of the 21 largest federal departments and agencies believed that OPM's ability to detect regulatory compliance was worse with the revised approach. Also, most agencies rated the feedback from the revised approach not as useful as that provided previously. The report concluded that OPM should address the agencies' concerns, take action to ensure regulatory compliance, and make feedback more useful. The 1986 report had similar conclusions.

Likewise, our reports repeatedly have identified concerns regarding OPM's compliance and oversight activities.

- In March 1984 we reported that OPM's evaluations of merit pay were limited in scope and did not fulfill OPM's CSRA oversight requirements.[2]
- In May 1984 we said that OPM's oversight of SES performance appraisal systems had centered on ensuring agency compliance, but had not adequately evaluated the systems to improve their quality and effectiveness.[3]
- In July 1986, we reported that because OPM had greatly expanded agency temporary appointment authority and its use had increased, we had concerns that without special monitoring of temporary appointments, OPM and agency PMEs alone may not be sufficient to ensure that the authority is used appropriately.[4]

In November 1987, we reported on OPM's revised approach for personnel management evaluations and found that seven of the nine agencies surveyed expressed concerns about the revised approach.[5] For example, at seven agencies, personnel managers said that OPM's 1- to 2-day on-site visits were insufficient to make meaningful assessments of program conditions. They also said that (1) the feedback they received from OPM was of limited use, (2) the reports did not specifically discuss problems and their causes, and (3) OPM's capability to ensure agency regulatory compliance had decreased.

[2]A 2-Year Appraisal of Merit Pay in Three Agencies (GAO/GGD-84-1, Mar. 26, 1984).

[3]An Assessment of SES Performance Appraisal Systems (GAO/GGD-84-16, May 16, 1984).

[4]Federal Workforce: New Authority to Make and Extend Temporary Appointments (GAO/GGD-86-111BR, July 28, 1986).

[5]Federal Workforce: OPM's Approach for Conducting Personnel Management Evaluations (GAO/GGD-88-11, Nov. 4, 1987).

Responses to our December 1987 survey indicated similar concerns. For example, 74 percent of the personnel directors surveyed believed that OPM's PME program had not sufficiently identified noncompliance with merit principles, and 55 percent thought that the program was providing insufficient feedback. More than half of the members of the IAG/PME[6] and personnel officers we surveyed responded that the OPM program was not adequately identifying noncompliance or providing useful feedback.

OPM officials told us they recently have taken steps to strengthen their PME program. For example, planned improvements include

- increasing the review of delegated authorities,
- improving training of their evaluation personnel to enhance their ability to identify personnel issues for review and to access and retrieve information via computer from OPM's Central Personnel Data File, and
- expanding oversight of agency Employee Assistance Programs, such as drug and alcohol abuse.

In addition, OPM recently issued an operations letter revising its PME program to focus more intensively on problem specification and resolution.

OPM PME Leadership Needs Improvement

OPM's revised PME approach placed greater reliance on the agencies' evaluation programs for indepth compliance reviews. Although most agencies have evaluation programs, few have increased the resources devoted to their programs since OPM revised its approach. In addition, OPM's leadership for PME has not been consistent over time. Most agencies reported that OPM's leadership activities have not improved their evaluation programs. Recent OPM plans to improve PME governmentwide need to be implemented.

Greater Reliance on Agency PME Programs

With the revision of OPM's PME program in 1983, greater reliance was placed on agencies' oversight programs. The current OPM Director said OPM's revised approach addresses the administration and enforcement of civil service requirements on a governmentwide basis, a function that the individual agency programs cannot do. However, the revised approach relies on the agencies' evaluation programs to examine personnel management activities through case-oriented reviews. OPM noted in

[6]The IAG/PME is a group serving as a forum for consultation and communication among OPM and agency representatives regarding personnel management evaluation.

1983 that the agencies should improve their internal PME programs because, without their case-oriented reviews, OPM's governmentwide evaluations cannot provide sufficient oversight.

Our survey of members of the IAG/PME indicated that while most agencies have ongoing PME programs, few have increased their programs since 1983. Fifty-three of the 85 agency IAG PME members we surveyed said their agencies have ongoing PME programs.[7] Although 30 agencies do not have programs, for the most part these are smaller agencies. However, of the 53 agencies that have programs, only a few have increased their programs since OPM revised its program in 1983. Figure 6.2 shows the percentage of respondents who reported changes in elements of their agency's PME program since October 1983.

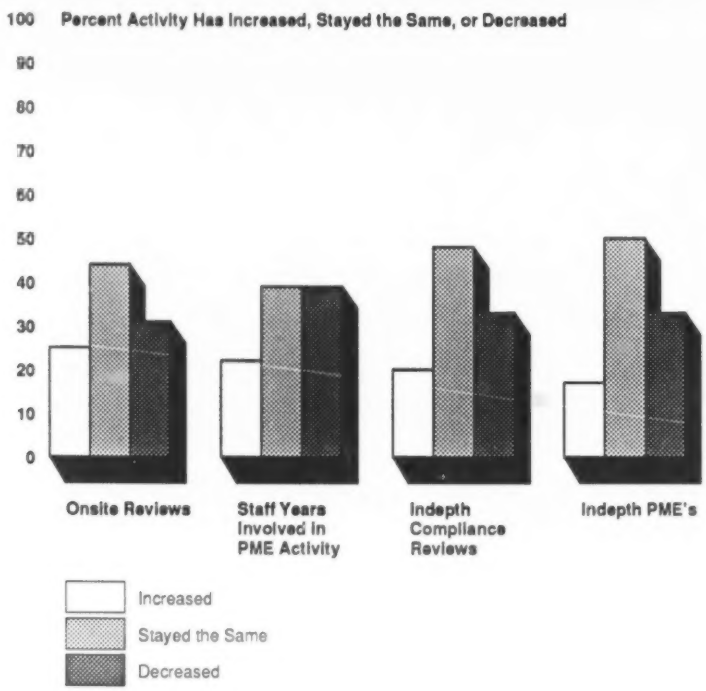
OPM Has Provided Limited PME Leadership to the Agencies

OPM is required to carry out a variety of leadership activities to help improve agency evaluation programs. Steps have recently been taken or planned to enhance these activities, but more needs to be done. As noted earlier, OPM's leadership activities fall into four areas:

- Establish standards for adequate evaluation systems. The CSC established the first standards for evaluation systems and updated them in fiscal year 1974. OPM, however, has not updated the standards during the past 14 years. OPM recognizes that the standards need to be revised and is planning to review them.
- Research and develop methods for evaluating personnel management. OPM's activity in this area involved using the IAG Committee on PME as a forum to disseminate evaluation techniques developed by the agencies. However, in 1983 OPM terminated this practice and focused committee meetings on OPM's revised approach and its findings. OPM officials said they are planning to establish a clearinghouse through which the agencies could share effective and innovative PME methods.
- Assure that persons who engage in personnel management evaluations are properly qualified and trained. OPM has not directly assessed the qualifications and training needs of agency evaluation staffs. However, OPM has developed two training courses for the evaluators.
- Assess the adequacy of agency evaluation systems. OPM's oversight of agency systems is primarily done through participation in agency internal PMEs. For fiscal years 1980 through 1986, OPM's participation in agency PMEs decreased from 126 to 16. However, since that time OPM has expanded its participation. In fiscal year 1987, OPM assessed the PME

[7]Two IAG PME members did not know whether their agency had a PME program.

Figure 6.2: Changes in Agency PME Activity Since October 1983



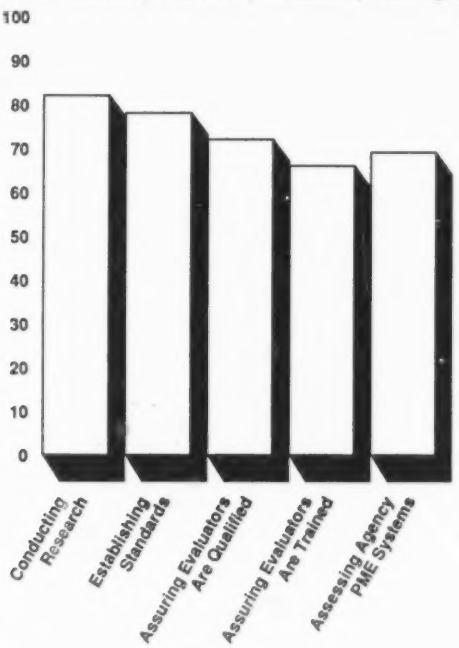
programs of 10 agencies by participating in 24 of their internal PMEs, up from 16 evaluations in fiscal year 1986. In fiscal year 1988, OPM is assessing the programs of 13 agencies by participating in 52 internal PMEs.

Many of the 53 members whose agencies have PME programs indicated that OPM's activities have not helped their agencies' PME efforts. These results are shown in figure 6.3. According to one member "OPM has not pioneered any methodology in the last 5-10 years (other than statistical studies through [the Central Personnel Data File]). They have not produced any evaluation guidance, checklists or formats which can be adopted by the agencies. . . . OPM has very little idea about what is going on at the agency level in the evaluation area."

Conclusions and Recommendations

Oversight is critical both to ensuring compliance with merit principles and to evaluating human resource management programs. In concept, OPM's revised approach of concentrating on governmentwide issues and

Figure 6.3: OPM's PME Leadership Is Insufficient



the agencies focusing on case-oriented compliance reviews has much appeal. However, the revised approach will work only if the agencies have good PME programs. Our survey indicates the agencies have different PME capabilities and OPM leadership activities have not greatly assisted agencies in improving their programs. OPM needs to determine the capabilities of each agencies' oversight program. On the basis of these assessments, OPM should focus both its oversight and leadership activities on those agencies where the need is greatest.

In order to improve agency internal evaluation programs, we recommend that the Director of OPM

- assess the standards for evaluation systems and make changes where needed;
- establish a clearinghouse on good and innovative evaluation methods, techniques, and plans;
- develop qualifications for evaluators and assess the training available to them; and

- increase oversight of agency internal PME programs to include more agencies.

In addition, until the agencies improve their programs, OPM should concentrate its own indepth oversight activities on those agencies with weak or nonexistent programs. Once agencies have improved their programs, OPM should reassess its strategy to determine whether an enhanced OPM on-site presence is still necessary.

OPM's Capacity to Provide Leadership Needs Sustained, High-Level Attention

A decade of fundamental policy redirection and reorganizations has prevented OPM from sustaining a consistent and effective human resource management agenda. Additionally, agency resources have declined significantly, and many more staff are planning to leave. Compounding these problems are employees' perceptions of poor communication with higher levels of the organization, low morale, and beliefs that the agency is ineffective. Collectively, these problems are undermining OPM's capacity to implement new initiatives and fulfill its CSRA leadership role.

OPM currently is undertaking some initiatives to improve its internal capacity. However, it needs to develop and implement an agencywide management improvement agenda to address institutional problems. Due to the cumulative effect of years of wide swings in operating philosophies and resource cuts, it will require time to rebuild OPM's institutional capacity.

Profile of OPM at Grades 13 and Above

We surveyed GS- or GM-13s or above at OPM to determine their perceptions of (1) their unit's capacity to accomplish its assigned roles and responsibilities, (2) personnel policy making processes, and (3) the degree to which OPM is carrying out its roles as envisioned in CSRA. Based on analysis of the 76 percent of GS- or GM-13s and above who responded to our questionnaire, the typical OPM respondent was a GS- or GM-13. He or she had worked in OPM (or the CSC) for at least 10 years, and was a supervisor or manager in a work group which primarily served line agencies and which was made up of 20 or fewer people. Of these respondents, 69 percent worked in headquarters, and 31 percent worked in regional or area offices or in the Washington Area Service Center. Table 7.1 shows the functional areas in which respondents worked.

Table 7.1 Functional Areas in Which Respondents Worked

Functional area	Percent of respondents
Recruiting, examination, classification and staffing	19
Training and development	16
Retirement and insurance	12
Administration, personnel, or budget	10
Information management	9
Evaluation	9
Investigations	8
Labor and employee relations	3
Pay	3
Performance management	2
Planning	1
Other	10

Note: Percentages do not add to 100 due to rounding.

Figures 7.1 and 7.2 show the percentage of respondents in different grade structures and job responsibilities. Throughout this chapter, the designation GS refers to GS and GM employees; references to SES or senior executives include all respondents above grade 15.

Figure 7.1: Grade Levels of Respondents

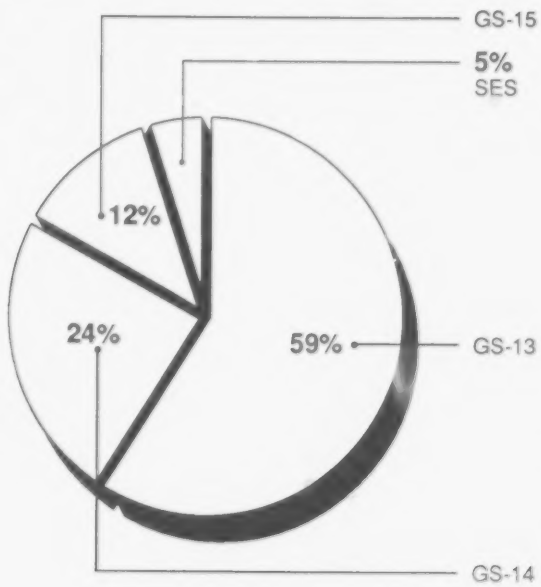
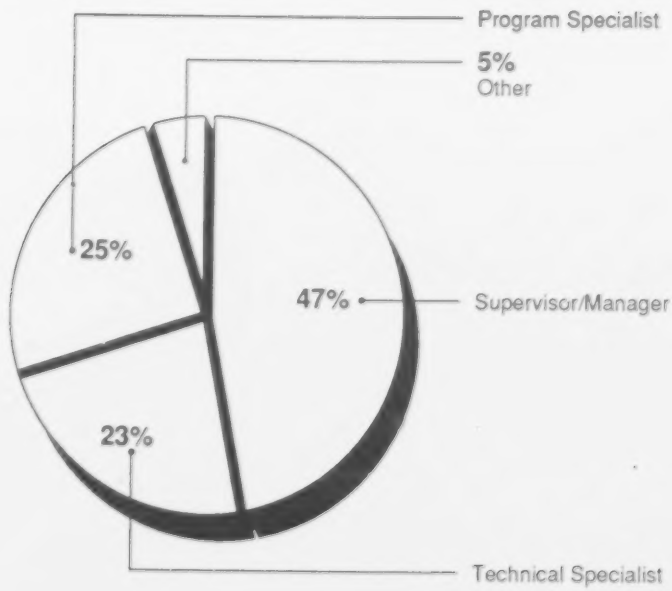


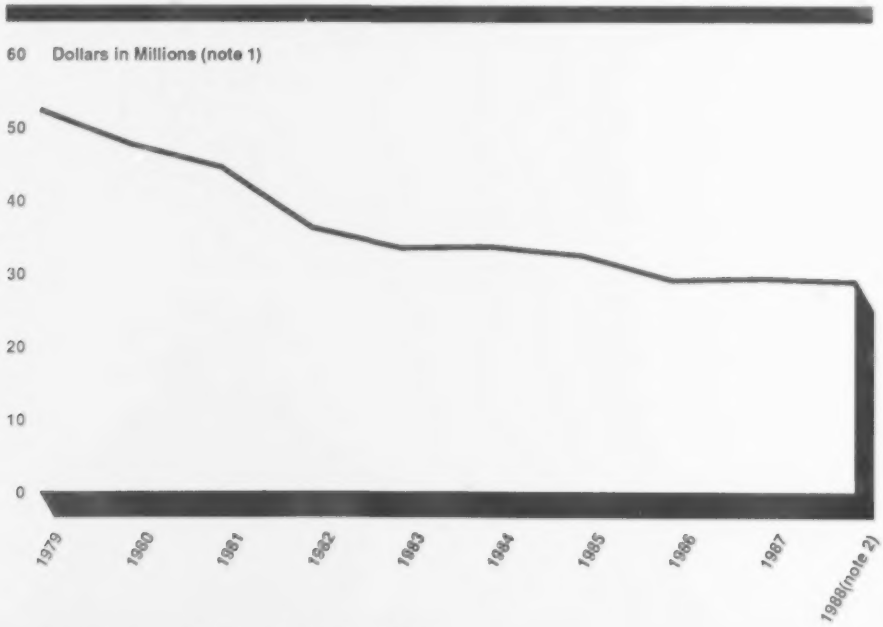
Figure 7.2: Job Responsibilities of Respondents



OPM May Not Have Resources to Sustain New Initiatives

OPM has had severe budget and staffing cuts over the past 10 years. OPM's S&E appropriation supports its central personnel management and monitoring functions; record-keeping activities; and its research, development, and discretionary personnel management activities. As shown in figures 7.3 and 7.4, budget and staffing levels in this account have decreased steadily. Since 1979, funding decreased 45 percent in constant dollars; staffing declined 54 percent.

Figure 7.3: OPM Budget Obligations, FY 1979-1988

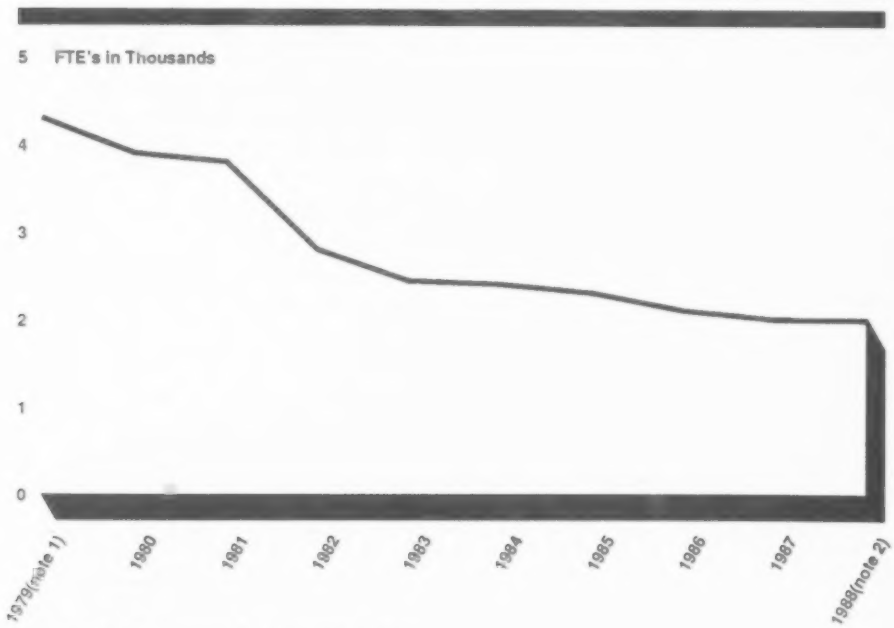


Note 1: 1967 = 100

Note 2: 1988 Data Are Estimated

Source: Budget of the United States Government

Figure 7.4: OPM FTE Employment, FY 1979-1988



Note 1: Data for FY 1979 are reported in total compensable workyears.

Note 2: 1988 data are estimated.

Source: Budget of the United States Government

Effects of these decreases included reducing OPM's evaluation programs, virtually inactivating its recruiting program for 5 years, and terminating its productivity program. OPM staff whose units are funded by the S&E budget believed that constraints in these funds have hampered their units' effectiveness: 43 percent believed that budget constraints have adversely affected their unit's ability to accomplish goals and objectives, and 47 percent believed staffing constraints had an adverse affect.

In OPM overall, respondents also believed that budget and staffing constraints affected their ability to accomplish goals. For example, two-thirds of respondents believed that their unit's overall capacity to meet customers' demands for services was too low. More than half of those who responded said that they were unable to meet demands for more timely service or for expansion of programs and services.

Most respondents (68 percent) believed that their units' staff had the skills necessary to accomplish goals and objectives. However, 60 percent believed that their units had too few staff in light of those goals and objectives. Those reporting actions which could improve skill levels most often cited authority to hire more staff (57 percent) and more training in specific areas (46 percent).

OPM May Soon Lose Many Experienced Employees

OPM's staffing decreases will likely be compounded by experienced staff leaving the agency. About 28 percent are currently eligible to retire, or will be eligible within 5 years; of those, 41 percent expected to stay with OPM less than a year after their eligibility. Even though not eligible to retire, 204, or 42 percent of other questionnaire respondents, still said they planned to leave within 5 years.

Taking retirements and other planned departures together, at least 40 percent of questionnaire respondents planned to leave within 6 years. The people who planned to leave represented at least 30 percent of all GS-13s and above at OPM. About half of those planning to leave cited poor promotion potential and lack of rewards and recognition for good performance as their reasons.

OPM currently may not be prepared to deal with this degree of attrition by experienced staff because of lack of management information with which to develop workforce strategies. However, OPM transferred its personnel accounting to the Air Force Personnel Accounting System in fiscal year 1988 and now has the ability to capture data on turnover, planning, recruiting, and development. According to its Assistant Director for Personnel and Equal Employment Opportunity (EEO), this will enable OPM to develop workforce and succession planning programs.

Employees Say That Internal Management Problems Inhibit OPM's Ability to Accomplish Goals and Objectives

Any organization's effectiveness is largely dependent on its ability to maintain a capable and motivated workforce, to clearly articulate and effectively implement goals and objectives, and to manage internal systems and structures. Responses to our questionnaire reflected that OPM has weaknesses in these areas, including problems in communication, clarity of goals and objectives, motivation and morale, and employees' perceptions of effectiveness.

Communication Improvements Needed

Good communication, especially the ability to communicate goals and objectives, is important to achieving and maintaining organizational effectiveness. Formal mechanisms, such as memoranda and newsletters, can help to communicate goals and objectives, but it is also important for managers to maintain good communication with their staffs. At each level of an organization, managers must articulate goals and expectations for meeting them, to help employees understand the organization's direction and their role in meeting its objectives. To ensure a unified and well-supported organizational effort, different groups across an organization must work together as well.

Under Director Horner, OPM set its agenda through several management retreats. At the first, in April 1986, primary agenda items were OPM's reorganization and setting the basic philosophical approach for the agency. Based on planning discussions between Director Horner and her top staff between the time of the first and second management retreat, in November 1986, each program area put together a package of priority policy initiatives. These, together with Director Horner's comments, spelled out OPM's direction for the remainder of the Director's tenure. Staff attending these meetings included the Director and Deputy Director, Associate Directors, heads of Offices, and the Director of the Washington Area Service Center. Some Regional Directors also attended the April meeting.

As might be expected given the top-down nature of OPM's agenda setting process, communication and understanding of goals and objectives at OPM is better at higher levels of the organization. A large disparity exists, however, between senior executives and employees at other levels in terms of their perceptions of the quality of communication. This has affected mid-level employees' understanding of OPM's goals and objectives, morale and motivation, and perceptions of OPM's effectiveness. OPM needs to do more to better communicate its goals and objectives to employees at all levels.

Of senior executives responding to our survey, 53 percent believed to a great extent that their units had good communication with the Director's Office. Sixty-three percent believed to a great extent that OPM's goals and objectives were clear to them.

In other levels of the organization, fewer people believed that they had good communication with offices directly above them. Communication with the offices of the Associate and Assistant Directors are especially

important because Associate Directors manage OPM's major organizational groups and Assistant Directors manage the functional areas within those groups. Table 7.2 shows the percent of respondents at each grade level who believed to a great extent that good communication existed between their units and the Offices of the Associate and Assistant Directors.[1]

Table 7.2: Percent of Respondents by Grade Level Reporting Good Communication Between Their Units and Offices of the Associate and Assistant Directors

	GS-13	GS-14	GS-15	SES
Offices of the Associate Directors	17	20	25	50
Offices of the Assistant Directors	28	31	38	52

An important implication of communication problems was that mid-level employees did not think OPM's overall goals and objectives were clear to them to a great extent. As table 7.3 shows, a large disparity existed between mid-level employees and senior executives in the clarity of OPM's overall goals. More senior executives than any other grade level reported clarity of OPM's mission and goals and objectives, of their unit's goals and objectives, and of their current duties and responsibilities.

Further, for GS-13 through GS-15 respondents, more than twice as many thought their current duties and their own unit's goals were clear than thought OPM's goals were clear. This indicates to us that many employees do not feel they have been provided with a sufficient explanation of how their own duties and their unit's activities fit into OPM's overall goals and objectives. Such an understanding is critical to employees' understanding of the importance of their jobs and the contribution they make to overall organizational effectiveness.

Table 7.3: Percent of Respondents by Grade Level Reporting Clear Goals and Duties

Clarity of...	GS-13	GS-14	GS-15	SES
OPM's goals and objectives	29	30	36	63
OPM's mission	33	36	55	66
Unit's goals and objectives	62	69	76	88
Current duties and job responsibilities	73	74	81	91

The disparities of perceptions about effective communication and clear goals and objectives indicate to us that OPM needs to do more to improve

[1]These are percentages of the respondents who believed that they had a basis to judge their unit's communication with these offices. For Offices of the Associate Directors, the respondents range from 75 percent of GS-13s to 94 percent of senior executives; for Offices of the Assistant Directors, respondents range from 82 percent of GS-13s to 91 percent of senior executives.

communication within the organization. Communication about how employees' duties contribute to OPM's overall effectiveness is especially important. We found some specific examples of where communication could be strengthened including providing job-related information, improving performance management, and maintaining current internal directives.

One explanation of communication problems is that supervisors may not be providing employees with the information they feel is necessary to do their jobs. Even if employees clearly understand their duties, carrying out those responsibilities may be difficult if job-related information is not available in a timely manner. Of senior executives, 69 percent believed to a great extent that their supervisors provided them with the information they needed to effectively carry out their job responsibilities. For other employees who responded, 42 percent believed they received this information.

One vehicle for specifically communicating goals and objectives and delineating associated roles and responsibilities is a performance management process which defines and evaluates individual performance based on organizational goals. We found problems with performance management elements at OPM. For example, fewer than half of questionnaire respondents believed to a great extent that their supervisors provided them the feedback that they needed to do their jobs, and fewer than half believed that the criteria used to evaluate their performance were clear.

An example provides insight into the sources of these problems. An internal report dated February 1988 showed that 36 percent of the 156 employees in one division who should have had performance standards communicated to them had not had any performance standards communicated to them for the 1987 appraisal year. According to the same report, 20 percent had not had a performance appraisal at all for the 1986 appraisal year.

Another vehicle for clarifying roles and responsibilities is an organization's internal directives system. OPM's internal directives system, the Administrative Manual, is important to conveying agencywide operating policies and procedures that people need to know to do their jobs; it covers such important areas as budgeting and financial management, procurement, and personnel management. Supplements to the Administrative Manual, such as the Function Statements and Authorities and Delegations Manual, delineate roles and responsibilities. When a

project to update the manual was undertaken in January 1987, 4,057 pages, or about 75 percent of the manual, was considered to be obsolete or in need of revision. A February 1988 status report stated that 60 percent of the out-of-date material had been revised or deleted, but the report also pointed out a lack of cooperation and involvement from OPM's groups and offices in maintaining current function statements and delegations of authority.

Communication among units with OPM's Administration Group (AG) is especially important, since AG is responsible for OPM's budget, information management, and other service-oriented internal management. However, our questionnaire results showed that only about a third of senior executives believed to a great extent that good communications existed between their units and AG.

In March 1988, AG reported on a process it undertook to assess how well it was serving its customers. The process involved administering a questionnaire and convening focus groups.[2] AG's report on the process corroborated our findings on communication problems. It concluded that

"Participants in this survey and follow-on Focus Groups clearly believe they are not being kept informed of matters affecting them. This belief holds true across respondents' organizations. . . . In fact, it is even more pronounced among those respondents who themselves work in AG—those providing the services do not themselves feel fully informed of continuing developments. It is quite possible that what we have uncovered is only a localized symptom of a larger OPM-wide problem. The survey, however, only provides data on AG services."

Morale and Motivation Not at High Levels

Another implication of communication problems is that morale and motivation were not at high levels. OPM's internal survey stated that "Employees' 'poor attitude' was identified as a problem in a number of AG organizations." Our questionnaire showed that this morale problem is OPM-wide. Few respondents (23 percent) characterized the level of morale in their units as high. Fewer than half believed to a great extent that staff in their units had the motivation necessary to accomplish the unit's objectives. OPM employees gave several explanations for morale and motivation levels, including some related to communication problems.

[2]The questionnaire was administered in November 1987 to central office managers and supervisors; all program management office/administrative office staff in the central office; regional directors, their deputies, and administrative officers; and a statistical sample of central office GS-1 through GS-14 staff. Focus groups were organized around a particular problem area. They involved the AG manager responsible for the area and six to eight primary customers.

More than half of the respondents believed some factors had a positive effect on their morale, including the people they work with (79 percent), the significance of their work (74 percent), and supervision of their unit (50 percent). Factors having a negative effect on morale included the image of federal employees (57 percent), the image of OPM (55 percent), and reorganizations within the agency (54 percent).

Respondents also reported some actions that they believed would greatly improve their units' motivation levels. These included more support from the Offices of the Director or Associate Directors (60 percent), increased resources to do the work (57 percent), and more opportunity to participate in decisionmaking (53 percent).

Many Employees Do Not Think OPM Is Effective

Another symptom of internal problems is the low opinion employees hold of OPM's effectiveness. Only 15 percent of respondents believed that OPM as a whole was effectively carrying out its goals and objectives to a great extent. When asked about their own units' goals and objectives, respondents were more positive: 57 percent believed that their units effectively carried out goals and objectives to a great extent.

Perceptions of OPM's effectiveness also differed by grade level. More senior executives than any other level believed that their own units, and OPM as a whole, were effectively carrying out goals and objectives to a great extent. However, still less than half believed OPM was greatly effective. Table 7.4 shows the percent of respondents at each level who believed (1) OPM as a whole and (2) their units were effectively carrying out goals and objectives to a great extent.

Table 7.4: Percent of Respondents by Grade Level Reporting Effectiveness at Carrying Out Goals and Objectives

	GS-13	GS-14	GS-15	SES
OPM as a whole	15	11	19	41
Own unit	54	56	60	88

Further, not all units carried out the same functions and, as table 7.5 shows, functions were thought to be carried out with differing degrees of effectiveness. Not more than 64 percent of the respondents whose units carried out these functions believed that they were greatly effective at doing so. Less than 37 percent believed that their units were greatly effective at serving as a clearinghouse and evaluating programs in their functional areas.

Table 7.5: Percent of Respondents Reporting Effectiveness at Carrying Out Functions

Figures in percent

Function	Carry out function	Effective at function
Deliver programs or services in your functional area	93	64
Provide technical assistance in your functional area	93	59
Provide leadership in your functional area	90	49
Develop governmentwide policy in your functional area	46	43
Serve as information clearinghouse in your functional area	83	36
Evaluate programs in your functional area	74	34

Note: Column (2) is a percent of column (1).

OPM Needs to Have a Consistent, Comprehensive Management Improvement Agenda

Officials told us that OPM is implementing some agencywide management improvement initiatives, such as reallocating space and implementing an electronic mail system. However, the agency needs a more comprehensive and consistent management improvement agenda.

OPM's AG's March 1988 survey results corroborate our findings. For example, in OPM's survey, 16 services were selected by 75 percent of all respondents as most in need of improvement for both mission accomplishment and maximizing individuals' productivity. They included staffing, placement, and recruitment; general communication; training; management and leadership development; performance appraisals; and awards.

In responding to these needs, AG has taken important actions including (1) developing performance plans for its managers which specifically address some of these problems, (2) comprehensively evaluating its Office of Personnel and EEO, (3) publishing space and information management plans for OPM, and (4) establishing a division to look for further solutions to problems in AG and in OPM. AG officials told us that the group also is including regional offices in administrative conferences and publishing a calendar of budget events, and as we mentioned earlier, the Office of Personnel and EEO is looking into workforce and succession planning programs. Sustaining such initiatives from a group whose function is to serve other groups within OPM should help to improve some agencywide management difficulties.

AG is assuring attention to, and accountability for, implementing its initiatives through tactical workplans based on the group's goals and objectives. These goals and objectives were formulated at a November 1987 conference for the group's managers. Goals were communicated to other

AG employees in March 1988 through its first group-wide staff meeting. AG officials told us that managers are continuing to have staff meetings with their units. They are also revising their staffs' performance standards to reflect the new goals.

According to its Associate Director, AG also is planning a follow-up questionnaire in Fall 1988 to monitor progress and make changes where necessary. He also reported that AG is hearing more positive comments about the way it conducts business. In June 1988, several of the group's managers expressed to us that they were confident in AG's management philosophy and believed it should be sustained.

A similar agencywide process, concentrating on internal management improvement, could help OPM address some of the concerns reflected in responses to our questionnaire. We analyzed a total of 113 SES contracts[3] for OPM's senior executives for fiscal years 1986 through 1988 to see if such a process was reflected in the contracts. Our analysis showed that the contracts do not reflect an agencywide consistent and comprehensive internal management improvement agenda. By developing such an agenda, and including specific internal management improvement objectives in SES contracts, OPM could assure attention to, and accountability for, addressing these problems and improving internal management across the agency.

Conclusions and Recommendations

Significant changes in OPM's operating philosophies over the last 10 years have affected the agency's organizational effectiveness. While it is reasonable for agency directors to make changes in their organizations, fundamental policy redirection, retrenchment, and inattention to internal management issues at OPM have left the agency suffering from low perceptions of effectiveness, weakened communication, and low morale. These lingering internal problems may have contributed to OPM's ineffectiveness at carrying out important functions.

Recent actions such as workforce planning proposals, regular meetings with staff in some groups, a new organizational development division, and improved communication mechanisms, are a step in the right direction toward improving OPM's internal capacity. However, a long-term, high-level commitment must be maintained.

[3]Contracts analyzed were from OPM's four major program groups (Personnel Systems and Oversight, Retirement and Insurance, Training and Investigations, and Career Entry), plus the AG, the Washington Area Service Center, and each regional office.

In chapters 3 through 6, we recommended that OPM more clearly define and sustain its management agenda and leadership role, especially in important areas such as planning, hiring, performance improvement, and oversight. OPM also must develop its organizational capacity to fulfill that leadership role.

We recommend that the Director of OPM initiate an internal management improvement and organization development agenda which includes steps to involve employees in identifying critical areas needing attention, determining causes of problems, and developing a long-term action plan to solve problems and evaluate the results. The success of such an effort will depend on sustained top level support and commitment to improving OPM's organizational effectiveness. Therefore, the Director should also ensure that senior executives are committed to, and held accountable for, improving management in their units and implementing OPM's long-term action plan by including components of the plan in their SES contracts.

While it is important for OPM to develop its own management improvement strategy, there are several areas to which OPM must pay particular attention. Therefore, we recommend that, at a minimum, the strategy address:

- Developing mechanisms to improve communication, including clarifying and communicating to all employees the mission, priorities, and goals and objectives for OPM overall and for each unit; and duties, responsibilities, and performance expectations for each employee.
- Providing supervisors and managers with better training or developmental experiences to help them improve their skills in communication, information sharing, and setting and providing feedback on performance expectations.
- Assessing ways to improve retention and motivation, including OPM's awards systems and promotion processes.
- Developing a workforce planning system to determine needed staffing levels and skills, and basing staffing and budget requests on workforce planning. The system should provide information on what staff are leaving and how (or whether) they should be replaced, should take into account an analysis and forecast of customers' demands for services, and should provide an assessment of skills and training needs. Particular attention should be paid to those functional areas where we found a need for increased OPM activity, such as productivity assistance and PME.

Ensuring Effective Human Resource Management Leadership

The federal government is facing pressing human resource management problems which are hampering agencies' abilities to provide the American people with the timely and efficient services that they expect and deserve. The agencies have the primary responsibility for managing their staff, but CSRA provided OPM with a key leadership role in guiding, assisting, and overseeing federal human resource management efforts. Section II contained a series of recommendations outlining how OPM and the agencies need to enhance planning for future workforce needs, address hiring problems, provide performance improvement assistance, and expand oversight.

But OPM and the agencies cannot solve these problems acting alone. The President and Congress must also play key roles. This section suggests actions they need to take to help the federal government acquire and retain the talent necessary to adequately serve the public and to ensure that OPM is effectively providing leadership commensurate with the serious human resource challenges confronting our national government. The section also summarizes OPM's comments on a draft of this report and our response.

Enhanced Attention to Human Resource Management Needed

CSRA was designed to fundamentally alter the organizational and philosophical basis of federal human resource management. Yet 10 years after CSRA's enactment, the intended new era of management has not materialized. OPM has not provided sufficient, consistent leadership and human resource management has not assumed its proper place in the government's management agenda.

As a result, key goals of CSRA have not been met. Agencies are experiencing problems in acquiring needed staff, performance management problems are not being attacked with vigor and imagination, and oversight and evaluation are not adequate. Addressing the current and emerging challenges that confront the government will require sustained and inspired leadership from the President; the agencies; Congress; and, most importantly, OPM.

CSRA envisioned that OPM, freed from doing day-to-day personnel operations, would plan for future workforce needs and initiate innovative personnel research. Personnel authorities, including hiring, would be delegated to the appropriate level of management in the agencies and performance would be improved by better appraisals and fostering managerial flexibility to increase productivity. Finally, to ensure adherence to merit principles, CSRA outlined shared oversight responsibilities for OPM and the agencies.

This framework has not been fully implemented, in large measure due to OPM's failure to maintain a consistent focus and direction over the last decade. Chapter 7 documented how the cumulative effect of OPM's resource reductions and changes in its operating philosophy have weakened the organization's capacity to carry out its goals and objectives. Other chapters discussed the manifestations of this lack of effectiveness. For example, OPM's changing view of its role in recruitment and examining has hampered agencies' hiring efforts. OPM no longer offers the performance improvement assistance that agencies report they need. And, perhaps most importantly, OPM is not adequately preparing the government for the future.

Frustration with achieving CSRA's expectations has led some observers to question the validity of the organizational framework created by the act. For example, various proposals debated by Congress, our consultants, and other interested parties have included:

- Lengthening the term of the OPM Director and making the position tenured.

- Establishing minimum qualifications for the OPM Director.
- Requiring the President to appoint and consult with a nonpartisan panel of individuals committed to public service before appointing an individual as Director or Deputy Director of OPM.
- Creating a nonpolitical executive director position to be responsible for day-to-day management of OPM.

These proposals are focusing on the critical issue: how to best strike a balance between ensuring that the fundamental orientation of OPM remains consistent over time, while still retaining the flexibility necessary for the President and individual directors to pursue a personnel management agenda responsive to changing circumstances. Consistency is the key to successfully implementing CSRA's goals and objectives; the government is too large and complex to make improvements without a long-term, consistent strategy. The fundamental principles of good human resource management—planning, recruiting and developing good people, and ensuring merit protection—can, and should be, followed while permitting flexibility to accommodate changes in policy agendas.

While structural changes to the CSRA framework may ultimately be necessary, it is important to keep in mind that CSRA's objectives have not been fully tested because of incomplete implementation in the key areas we discussed in section II. The underlying philosophical framework for federal human resource management has many good features: placing responsibility for human resources activities primarily in the hands of line managers, instituting systematic attempts to improve performance, and placing a premium on protecting merit.

Recommendations

While the agencies have the primary responsibility for managing their human resources, the promise of CSRA will never be realized unless four critical areas are addressed.

- First, OPM needs to assert a more effective and consistent leadership role in the planning, hiring, performance improvement, and oversight areas. This entails working with the agencies to address critical human resource management issues and better posturing the government to meet inevitable future challenges.
- Second, OPM needs a concerted effort to revitalize its internal workforce and build a capacity commensurate with its much needed leadership role. Prior chapters in this report have outlined our recommendations in these two areas.

- Third, we recommend that the President give sustained attention to establishing and maintaining an environment that is more conducive to human resource management. This entails emphasizing that the ultimate success of federal programs depends in large part on a qualified, motivated, and efficient civil service. It also involves selecting individuals for leadership positions at OPM who have a demonstrated commitment to such principles. Finally, the President needs to work with Congress to ensure a competitive federal pay and benefit structure.
- Fourth, Congress has to play a key role in holding OPM accountable for implementing CSRA consistently, and well. Accordingly, we recommend that Congress make greater use of the oversight and appropriation process to establish a clear record of OPM's plans, programs, and results and better hold OPM accountable for meeting the goals of CSRA. For example, Congress could require that OPM provide, on an annual basis, an assessment of the status of the federal workforce and a detailed discussion of OPM's activities in critical areas such as planning, staffing, performance improvement, and oversight. This would provide an enhanced public record of OPM's accomplishments and plans and better enable Congress to monitor progress toward meeting CSRA's goals. It also could help ensure that OPM's plans provide an appropriate framework for improving the federal workforce so that it can provide the American people with the quality service they deserve.

OPM's Comments and GAO's Response

OPM did not concur with our conclusions. It believed any fair-minded assessment of its leadership should conclude that OPM has been successful in preparing the federal civil service for the human resource demands of the next century.

We disagree. Ten years after the passage of CSRA, the government is still not well-postured to meet its future challenges and is facing serious human resource problems which are undermining its ability to serve the public. OPM has not been effective in providing the leadership envisioned by CSRA or in carrying out its primary stewardship responsibilities of ensuring an effective and efficient federal workforce. In each of the fundamental areas we studied, OPM's policies or programs have been largely ineffective over the past decade. Appendix III contains the full text of OPM's comments and our annotated response.

Our recommendations are designed to strengthen OPM's leadership in preparing the government for the future, supporting agency efforts to improve their performance, and enhancing OPM's ability to provide sustained attention to addressing critical human resource issues. OPM did not even comment on our recommendations.

As explained in this chapter, we are confident that our work is a thorough, wide-ranging, and realistic assessment of challenges facing the federal workforce, and an accurate appraisal of OPM's human resource management leadership during the last 10 years. As a result, we believe that our recommendations, if implemented, would better position the government to strategically address future needs.

OPM believed that the report

- was based on a narrow, abstract view of human resource policy, treating it as if it could be formulated and carried out in isolation from the broader political, managerial and workplace environments;
- misunderstood the purpose of CSRA;
- ignored or underreported OPM's development of concrete policies and programs to deal with urgent challenges; and
- mischaracterized the state of morale at OPM by paying insufficient attention to environmental factors affecting OPM employees.

As outlined in the following sections, we do not believe that OPM's portrayal of our report is accurate in any of these areas.

Focus of Our Report

We disagree with OPM that our report is based on a limited and abstract view of human resource policy. Our work is based on statistically valid, governmentwide information gathered from federal managers and personnel officers across the executive branch who are intimately familiar with the critical human resource issues they face every day in carrying out the government's business.

With 5 separate questionnaires, we surveyed almost 2,800 people, including OPM's primary customers—personnel and management officials across government—and OPM's own employees. Response rates on the questionnaires were very high, ranging from 76 to 100 percent. We also interviewed over 230 officials from 30 agencies (including numerous OPM officials), and convened two expert consultant panels of public and private sector officials and academicians with special expertise in human resource issues.

In addition, our work was based upon the results of numerous prior GAO reports and was consistent with the findings and recommendations of many other groups such as MSPB, NAPA, and the authors of Workforce 2000. We also briefed and discussed our work with many other government-related organizations such as the PCMI, the National Commission on the Public Service, and the International Personnel Management Association (IPMA).

OPM's own publication, Civil Service 2000, also highlighted many of the same challenges we reported. Such challenges include changing demographics and skill requirements for future federal workers, changing demographics of the national workforce, potential effects of noncompetitive pay, low prestige of federal employment, need for delegated authority, and the expected effects of the portability of FERS. Civil Service 2000 was consistent with our conclusions in stating that, "Unless steps are taken now to address the problem, the average qualifications and competence of many segments of the Federal workforce will deteriorate, perhaps so much as to impair the ability of some agencies to function."[1]

We also do not agree that our report implies that good human resource management can be conducted in isolation of political, managerial and labor market changes. Human resources policy must always be seen as an integral part of the broader environment. One of the major themes of

[1]Civil Service 2000, The Hudson Institute (June 1988), prepared for the U.S. Office of Personnel Management, p. 29.

our report is that serious human resource problems exist because OPM either has not taken a leadership role in identifying environmental challenges, or has made program decisions without adequately considering their environmental repercussions.

OPM argues that political and other environmental issues preclude priority attention to human resource management concerns. We do not subscribe to this view and believe that rigid adherence to this belief will ultimately undermine any organization's ability to successfully achieve its goals. Our recommendations postulate a much more strategic and proactive role for OPM because we believe that the breadth and rapidity of changes taking place in the federal environment are the reasons why greater OPM leadership and active attention to human resource policies and programs are needed now more than ever.

Purpose of CSRA

We do not agree that our work misunderstands the purpose of CSRA by emphasizing consistency at the expense of responsiveness. CSRA did provide flexibility to increase the responsiveness of the civil service. However, CSRA also provided a human resource framework to make the civil service more effective, and gave OPM leadership responsibilities in implementing this framework and preparing the government to address serious challenges. OPM has not fulfilled this leadership role, and CSRA has not been fully implemented. This has contributed to what Civil Service 2000 called a slowly emerging crisis of competence in the civil service in attracting and retaining highly educated and skilled workers.

OPM's policies or programs have been largely ineffective and inconsistent over the past decade. For example, delegations of examining authority have been granted, rescinded, and granted again. OPM's recruiting program was developed, abolished, and is now being redeveloped. Productivity assistance has been abolished despite the tremendous need for the government to provide more efficient and effective services to the public, and efforts to help agencies improve individual performance management systems have not been effective. Agencies also reported that OPM's evaluation and oversight efforts, designed to help improve agency personnel programs, have not been effective. Finally, OPM has underused its research and demonstration authority.

These findings should not be interpreted as advocating consistent policy for the sake of consistency, as OPM stated. To the contrary, our report recognizes the need for a proper balance between flexibility to meet

changing needs and consistent attention to sound human resource management principles. Consistent attention to building a quality workforce and ensuring adequate consideration of the human resource implications of policy decisions are OPM's central responsibilities. Well-qualified, motivated people are needed regardless of what political party is in power or what agendas are pursued because the effectiveness of any policy depends strongly on how well the workforce implements it.

The framework of human resources management—appropriate planning, flexible hiring processes, attention to performance management at both individual and organizational levels, strong evaluation and oversight, and innovative research and demonstration—was specified by CSRA because such practices are vital to successful and effective government. However, fundamental swings in areas where CSRA was very clear about OPM's role, such as evaluations and research, or in areas which are vital to good human resources management under any administration, such as recruiting and planning, have left the government with an increasing crisis of competence.

Policies to Address New Challenges

We agree that implementing effective programs to address new challenges is vital. This report appropriately discusses OPM's programs in areas such as pay, hiring, and recruiting.

We also acknowledge that OPM has developed other policies, in areas such as drug abuse, AIDS, and dependent care. However, our report concentrated on the more fundamental issues of ensuring that the government has an effective and efficient recruiting and hiring process; a strategic, well-informed posture on how to tackle future staffing challenges at all levels including the SES; an aggressive program to promote and support efforts to improve performance and quality of service to the public; a well thought-out research program to explore innovative human resource practices; and a sound evaluation approach to ensure essential protection of merit principles. If this basic framework outlined in CSRA is not appropriately achieved, special initiatives may be effective in themselves but will not ensure an effective civil service competently serving the American public.

Programs tailored to meet special circumstances should not preempt OPM from paying sufficient attention to its most important leadership role of skillfully implementing CSRA and building the government's human resource infrastructure. The serious problems confronting the civil service today are ample evidence of the consequences that flow from not

giving adequate attention to the fundamentals of good human resource management.

Factors Affecting OPM Employees

We do not agree that we pay insufficient attention to environmental factors affecting OPM employees. Our report recognizes that organizational change and environmental challenges throughout OPM's history have contributed to low morale, loss of internal capacity, and ineffectiveness at accomplishing goals and objectives.

Contrary to OPM's position, however, organizational transformation and change can be successfully managed. While negative results are not inevitable, they will almost assuredly occur if a detached, reactive approach is adopted. A proactive posture can minimize adverse effects and help explain the nature and necessity of changes to those employees whose efforts are critical to carrying out the revised policies.

In OPM's case, 10 years of waiting for the negative effects of changes to dissipate has not produced the desired result. Very serious internal problems still pervade the agency. For example, only 14 percent of respondents to our questionnaire believed OPM was effective at achieving overall goals and objectives, only 23 percent thought morale in the agency was high, and many felt OPM had internal communication problems.

OPM depends on its workforce to manage programs, policies, and operations for more than 2 million federal workers, who in turn provide service to over 200 million Americans. Improving OPM's capacity to accomplish its responsibilities, and ameliorating the effects of 10 years of problems is vital. The urgency of challenges facing the government requires OPM to proactively increase the morale and effectiveness of its own workforce. Achieving such improvements will require top-level, comprehensive, and long-term commitment.

Consultant Panel

Mr. Charles F. Bingman
Distinguished Visiting Professor
George Washington University
School of Government and Business Administration

Mr. Jan Bohren
Corporate Vice-President for Human Resources
Blue Cross/Blue Shield

Mr. Thomas Cody
Executive Vice President, Human Resources
Jannotta, Bray and Associates, Inc.

Dr. Eugene (Bill) McGregor, Jr.
Professor of Public and Environmental Affairs
Indiana University
School of Public and Environmental Affairs

Mr. Bernard Rosen
Distinguished Adjunct Professor
American University

Ms. Arlene Triplett
Vice President
McManis Associates, Inc.

Mr. Don Wortman
Consultant
National Academy of Public Administration

Dr. Frank Yeager
Consultant
EDA Systems, Inc.

Mr. Al Zuck
National Association of Schools of Public Affairs and Administration

Complete Responses to Survey Questions Used in Report

Installation Heads

1. In terms of your organizational unit's current ability to accomplish its mission, to what extent, if at all, do you agree with the following statement?

The performance appraisal process improves individual performance

Very Great/Great Extent	14.9%
Moderate Extent	34.0%
Some/Little or No Extent	51.1%
N = 3419	

2. In your opinion, to what extent, if at all, are the following CSRA objectives or responsibilities being adequately carried out?

OPM planning for the future needs of the federal workforce

Very Great/Great Extent	5.6%
Moderate Extent	26.7%
Some/Little or No Extent	67.7%
N = 2565	

Agencies planning for the future needs of the federal workforce

Very Great/Great Extent	15.0%
Moderate Extent	37.5%
Some/Little or No Extent	47.6%
N = 2992	

OPM conducting or supporting personnel research programs and demonstration projects

Very Great/Great Extent	7.5%
Moderate Extent	27.9%
Some/Little or No Extent	64.6%
N = 2108	

Agencies basing individual pay increases on quality of performance rather than length of service

Very Great/Great Extent	27.0%
Moderate Extent	30.9%
Some/Little or No Extent	42.0%
N = 3251	

Agencies recruiting and retaining highly competent and qualified SES managers

Very Great/Great Extent	17.9%
Moderate Extent	24.1%
Some/Little or No Extent	58.1%
N = 1874	

3. For the following broad categories of personnel management issues, would you say that over the past five years the situation has improved, stayed about the same, or gotten worse?

Acquisition of quality personnel

Greatly Improved/Improved	19.9%
Stayed About the Same	40.7%
Gotten Worse/Gotten Much Worse	39.4%
N = 3396	

(continued)

Retention of quality personnel	
Greatly Improved/Improved	13.4%
Stayed About the Same	46.2%
Gotten Worse/Gotten Much Worse	40.3%
N = 3421	
Motivation levels of personnel	
Greatly Improved/Improved	19.3%
Stayed About the Same	46.4%
Gotten Worse	34.3%
N = 3429	

Personnel Officers

1. To what extent, if at all, do you consider the following as barriers that hinder your organizational unit's (s') ability to hire the people it needs in a reasonable amount of time?

Inadequate OPM recruiting strategy/plan	
Very Great/Great Extent	38.7%
Moderate Extent	19.8%
Some/Little or No Extent	41.4%
N = 1332	
Limited pool of qualified applicants on OPM registers	
Very Great/Great Extent	50.4%
Moderate Extent	22.9%
Some/Little or No Extent	26.6%
N = 1356	
Noncompetitive starting pay/benefits	
Very Great/Great Extent	52.5%
Moderate Extent	22.0%
Some/Little or No Extent	25.5%
N = 1365	
Poor image of federal employees	
Very Great/Great Extent	37.9%
Moderate Extent	21.9%
Some/Little or No Extent	40.2%
N = 1355	
Cumbersome department/agency personnel procedures	
Very Great/Great Extent	19.9%
Moderate Extent	20.6%
Some/Little or No Extent	59.5%
N = 1375	
Cumbersome OPM rules or procedures	
Very Great/Great Extent	48.6%
Moderate Extent	24.1%
Some/Little or No Extent	27.4%
N = 1334	
Applicants' inability to get adequate employment information from OPM	
Very Great/Great Extent	42.0%
Moderate Extent	24.7%
Some/Little or No Extent	33.3%
N = 1251	

(continued)

Length of time it takes for the applicant examination/certification process

Very Great/Great Extent	63.8%
Moderate Extent	18.1%
Some/Little or No Extent	18.0%
N = 1347	

2. Below is a list of actions that your organizational unit(s) may or may not already have to assist it/them in addressing staffing problems it/they may encounter. In your opinion, considering what you already have, do you desire an increased level of these actions, is the current level as it should be, or do you desire a decreased level of these actions at your organizational unit(s)?

Specialized OPM assistance in designing and implementing recruitment programs

Great Increase/Increase Desired	32.1%
Current Level is as it Should be	51.1%
Decrease/Great Decrease Desired	16.7%
N = 1260	

General OPM efforts in federal recruitment (e.g., efforts to disseminate information on federal employment opportunities)

Great Increase/Increase Desired	69.5%
Current Level is as it Should be	26.0%
Decrease/Great Decrease Desired	4.5%
N = 1358	

Federal/private sector pay comparability

Great Increase/Increase Desired	90.2%
Current Level is as it Should be	8.8%
Decrease/Great Decrease Desired	1.1%
N = 1333	

3. The following is a list of problems which may impede the successful operation of a performance appraisal system. To what extent, if at all, do you consider the following as problems which act as impediments to your organizational unit's (s') ability to effectively operate its/their performance appraisal systems?

Difficulty developing performance elements and standards which are clear, measurable, and objective

Very Great/Great Extent	56.8%
Moderate Extent	24.2%
Some/Little or No Extent	19.1%
N = 1383	

Difficulty with counseling, providing feedback, and other interpersonal issues related to performance appraisal

Very Great/Great Extent	38.0%
Moderate Extent	30.7%
Some/Little or No Extent	31.3%
N = 1383	

Lack of management support for the performance appraisal process

Very Great/Great Extent	37.2%
Moderate Extent	23.8%
Some/Little or No Extent	39.0%
N = 1383	

(continued)

Performance appraisal process which is too cumbersome and time consuming

Very Great/Great Extent	53.9%
Moderate Extent	17.3%
Some/Little or No Extent	28.7%
N = 1385	

The lack of consistency among raters

Very Great/Great Extent	61.3%
Moderate Extent	19.2%
Some/Little or No Extent	19.5%
N = 1383	

4. Below are types of assistance that your organizational unit(s) may or may not already receive either from OPM or your department/agency to improve the performance appraisal processes.

In your opinion, considering the level of assistance that you already receive, do you desire an increased level of assistance, is the current level as it should be, or do you desire a decreased level of assistance at your organizational unit(s)?

Assistance in developing a more timely and efficient performance appraisal process

Great Increase/Increase Desired	51.6%
Current Level is as it Should be	45.2%
Decrease/Great Decrease Desired	3.3%
N = 1348	

Assistance in developing performance elements and standards

Great Increase/Increase Desired	48.3%
Current Level is as it Should be	47.1%
Decrease/Great Decrease Desired	4.6%
N = 1354	

Assistance with utilizing the performance appraisal process to help improve organizational performance

Great Increase/Increase Desired	46.5%
Current Level is as it Should be	49.6%
Decrease/Great Decrease Desired	3.9%
N = 1346	

Assistance with obtaining information on innovative performance appraisal processes used at other government installations

Great Increase/Increase Desired	63.8%
Current Level is as it Should be	32.9%
Decrease/Great Decrease Desired	3.3%
N = 1307	

Assistance with developing management support for the performance appraisal process

Great Increase/Increase Desired	46.0%
Current Level is as it Should be	50.2%
Decrease/Great Decrease Desired	3.8%
N = 1348	

Assistance with helping managers accurately reflect employees' performance in the performance appraisal

Great Increase/Increase Desired	59.6%
Current Level is as it Should be	37.0%
Decrease/Great Decrease Desired	3.4%
N = 1355	

(continued)

5. Below are types of assistance that your organizational unit(s) may or may not already receive either from OPM or your department/agency to improve its overall level of organizational performance. In your opinion, compared to the level of assistance that you already receive, do you desire an increased level of assistance, is the current level as it should be, or do you desire a decreased level of assistance at your organizational unit(s)?

Generating and disseminating ideas for improving performance improvement

Great Increase/Increase Desired	70.5%
Current Level is as it Should be	28.5%
Decrease/Great Decrease Desired	1.1%
N = 1328	

Providing an information clearinghouse on performance improvement applications or issues

Great Increase/Increase Desired	65.0%
Current Level is as it Should be	32.4%
Decrease/Great Decrease Desired	2.6%
N = 1284	

Providing guidance for implementing performance improvement initiatives or programs

Great Increase/Increase Desired	60.3%
Current Level is as it Should be	36.1%
Decrease/Great Decrease Desired	3.6%
N = 1320	

Providing guidance on involving employees in developing ways to improve organizational performance

Great Increase/Increase Desired	53.8%
Current Level is as it Should be	42.9%
Decrease/Great Decrease Desired	3.3%
N = 1323	

Providing information or guidance to aid strategic or long-term performance improvement planning

Great Increase/Increase Desired	58.8%
Current Level is as it Should be	38.2%
Decrease/Great Decrease Desired	3.0%
N = 1293	

Providing specific technical assistance on how to measure such characteristics as productivity or motivation

Great Increase/Increase Desired	65.3%
Current Level is as it Should be	31.9%
Decrease/Great Decrease Desired	2.8%
N = 1318	

Providing guidance on how to initiate a performance improvement program at the organizational unit(s)

Great Increase/Increase Desired	54.7%
Current Level is as it Should be	43.0%
Decrease/Great Decrease Desired	2.3%
N = 1326	

Providing training to assist in performing tasks associated with performance improvement programs

Great Increase/Increase Desired	53.6%
Current Level is as it Should be	44.1%
Decrease/Great Decrease Desired	2.3%
N = 1330	

(continued)

6. In your opinion, to what extent, if at all, are the following CSRA objectives or responsibilities being adequately carried out?

OPM planning for the future needs of the federal workforce

Very Great/Great Extent	7.2%
Moderate Extent	26.6%
Some/Little or No Extent	66.2%
N = 1137	

Agencies planning for the future needs of the federal workforce

Very Great/Great Extent	17.9%
Moderate Extent	39.4%
Some/Little or No Extent	42.7%
N = 1281	

OPM conducting or supporting personnel research programs and demonstration projects

Very Great/Great Extent	16.6%
Moderate Extent	37.2%
Some/Little or No Extent	46.2%
N = 1000	

Agencies basing individual pay increases on quality of performance rather than length of service

Very Great/Great Extent	12.2%
Moderate Extent	30.4%
Some/Little or No Extent	57.4%
N = 1325	

Agencies recruiting and retaining highly competent and qualified SES managers

Very Great/Great Extent	9.6%
Moderate Extent	23.7%
Some/Little or No Extent	66.8%
N = 638	

7. For the following broad categories of personnel management issues, would you say that over the past 5 years the situation has improved, stayed about the same, or gotten worse?

Acquisition of quality personnel

Greatly Improved/Improved	15.8%
Stayed About the Same	34.0%
Gotten Worse/Gotten Much Worse	50.1%
N = 1376	

Retention of quality personnel

Greatly Improved/Improved	8.3%
Stayed About the Same	30.0%
Gotten Worse/Gotten Much Worse	61.7%
N = 1376	

Motivation levels of personnel

Greatly Improved/Improved	7.8%
Stayed About the Same	31.4%
Gotten Worse/Gotten Much Worse	60.8%
N = 1376	

OPM Employees GS/GM-13 And Above

1. In which of the following organizational locations do you now work?

Headquarters - Washington	64.1%
Headquarters - Outside Washington	5.1%
Regional office	15.4%
Area office	11.0%
Washington Area Service Center	4.5%
N = 690	

2. In which of the following functional work areas do you perform the majority of your work?

Administration/Personnel/Budget	9.8%
Evaluation	8.6%
Information management	9.4%
Investigations	7.6%
Labor/Employee relations	2.5%
Pay	2.5%
Planning	0.6%
Performance management	2.3%
Recruiting/Examination/ Staffing/Classification	19.0%
Retirement/Insurance	12.2%
Training/Development	15.8%
Other	9.7%
N = 683	

3. Do you perform the majority of your work in a revolving fund operation (i.e., costs are billed to the customers receiving the services)?

Yes	24.3%
No	74.1%
Not Sure	1.5%
N = 688	

4. What is your current grade level?

GS/GM-13	59.2%
GS/GM-14	24.5%
GS/GM-15	11.7%
GS-16 through 18 or Senior Executive Service (SES)	4.6%
N = 691	

5. How long have you worked in the civil service?

1 to less than 3	1.0%
3 to less than 5	2.0%
5 to less than 10	3.6%
10 years or more	93.3%
N = 690	

6. How long have you worked at OPM, including time at the Civil Service Commission?

1 to less than 3	2.5%
3 to less than 5	3.8%
5 to less than 10	11.2%
10 years or more	82.4%
N = 678	

7. Which of the following best describes your current job responsibilities?

Supervisor/Manager	47.0%
Technical specialist	23.2%
Program specialist	24.9%
Other	4.8%
N = 690	

(continued)

8. Approximately how many people are there in your unit?

1 - 4	7.2%
5 - 10	40.3%
11 - 20	26.8%
21 - 30	7.2%
31 - 50	10.4%
51 - 100	3.5%
more than 100	4.7%
N = 683	

9. Which of the following best describes who are the majority of your unit's customers or clients?

Internal OPM	30.3%
Line-agencies	51.2%
Individual government employees	7.7%
Individuals who are not government employees	4.3%
Other	5.8%
Not sure	0.7%
N = 676	

10. To what extent does the staff currently in your unit have the skills necessary to accomplish the unit's goals and objectives?

Very Great/Great Extent	68.1%
Moderate Extent	24.5%
Some/Little or No Extent	7.4%
N = 686	

11. In your opinion, to what extent would the following actions improve the skill level of your unit's staff to accomplish its goals and objectives?

Authority to hire more staff

Very Great/Great Extent	56.9%
Moderate Extent	16.6%
Some/Little or No Extent	26.5%
N = 211	

More training in specific areas

Very Great/Great Extent	46.0%
Moderate Extent	29.6%
Some/Little or No Extent	24.4%
N = 213	

12. Currently, how would you assess your unit's staffing level in view of the unit's goals and objectives?

Far Too Few/Too Few Staff	60.4%
About the Proper Number of Staff	36.2%
Too Many/Far Too Many Staff	3.4%
N = 682	

13. To what extent, if at all, has your unit experienced turnover of experienced staff since you joined the unit?

Very Great/Great Extent	38.6%
Moderate Extent	24.1%
Some/Little or No Extent	37.3%
N = 684	

(continued)

14. How positive or negative an effect has the following type of staff change had on your unit's ability to accomplish its goals and objectives?

Turnover of experienced staff

Very Positive/Positive	8.4%
Neither Positive nor Negative	23.9%
Negative/Very Negative	67.7%
N = 586	

15. In terms of customers' demands for your unit to provide programs or services, is your unit's overall capacity to meet these demands to high, at about the proper level, or too low?

Capacity is Much too High/Too High	2.2%
Capacity is at Almost the Proper Level	31.1%
Capacity is Too Low/Much Too Low	66.7%
N = 679	

16. Which of the following activities that customers demand does your unit not have the capacity to provide?

Overall expansion of present programs or services	
N = 298	74.9%
More timely service	
N = 330	82.9%

17. Currently, how would you characterize the general level of morale in your unit?

Very High/High	22.6%
Neither High nor Low	33.3%
Low/Very Low	44.1%
N = 691	

18. How positive or negative an effect does each of the following factors have on your level of morale?

Image of federal employees

Very Positive/Positive	8.2%
Neither Positive nor Negative	34.6%
Negative/Very Negative	57.2%
N = 668	

Image of OPM

Very Positive/Positive	11.7%
Neither Positive nor Negative	3.7%
Negative/Very Negative	54.5%
N = 673	

Supervision of the unit

Very Positive/Positive	50.2%
Neither Positive nor Negative	20.2%
Negative/Very Negative	29.6%
N = 669	

Significance of the work

Very Positive/Positive	74.3%
Neither Positive nor Negative	11.0%
Negative/Very Negative	14.7%
N = 682	

(continued)

Reorganizations
- Very Positive/Positive 6.7%
- Neither Positive nor Negative 39.0%
- Negative/Very Negative 54.3%
- N = 641

People you work with
- Very Positive/Positive 78.8%
- Neither Positive nor Negative 15.6%
- Negative/Very Negative 5.6%
- N = 679

19. To what extent does the staff currently in your unit have the motivation necessary to accomplish the unit's goals and objectives?
- Very Great/Great Extent 40.1%
- Moderate Extent 39.4%
- Some/Little or No Extent 20.4%
- N = 683

20. In your opinion, to what extent, if at all, would the following actions improve the level of motivation of your unit's staff to better accomplish its goals and objectives?

More opportunity to participate in decisionmaking
- Very Great/Great Extent 52.8%
- Moderate Extent 22.7%
- Some/Little or No Extent 24.4%
- N = 405

More support from the Offices or the Director or Associate Directors
- Very Great/Great Extent 59.8%
- Moderate Extent 13.4%
- Some/Little or No Extent 26.8%
- N = 388

21. In your opinion, to what extent are each of the following clear to you?

Your unit's goals and objectives

GS/GM 13
- Very Great/Great Extent 61.9%
- Moderate Extent 20.8%
- Some/Little or No Extent 17.4%
- N = 409

GS/GM 14
- Very Great/Great Extent 68.6%
- Moderate Extent 13.6%
- Some/Little or No Extent 17.8%
- N = 169

GS/GM 15
- Very Great/Great Extent 76.3%
- Moderate Extent 11.3%
- Some/Little or No Extent 12.5%
- N = 80

SES
- Very Great/Great Extent 87.5%
- Moderate Extent 3.1%
- Some/Little or No Extent 9.4%
- N = 32

(continued)

OPM's goals and objectives	
GS/GM 13	
Very Great/Great Extent	28.5%
Moderate Extent	25.3%
Some/Little or No Extent	46.2%
N = 407	
GS/GM 14	
Very Great/Great Extent	29.7%
Moderate Extent	18.2%
Some/Little or No Extent	52.1%
N = 165	
GS/GM 15	
Very Great/Great Extent	36.3%
Moderate Extent	28.8%
Some/Little or No Extent	35.0%
N = 80	
SES	
Very Great/Great Extent	62.5%
Moderate Extent	15.6%
Some/Little or No Extent	21.9%
N = 32	
OPM's mission	
GS/GM 13	
Very Great/Great Extent	32.8%
Moderate Extent	27.1%
Some/Little or No Extent	40.2%
N = 406	
GS/GM 14	
Very Great/Great Extent	35.8%
Moderate Extent	24.2%
Some/Little or No Extent	40.0%
N = 165	
GS/GM 15	
Very Great/Great Extent	55.0%
Moderate Extent	21.3%
Some/Little or No Extent	23.8%
N = 80	
SES	
Very Great/Great Extent	65.6%
Moderate Extent	15.6%
Some/Little or No Extent	18.8%
N = 32	
Your current duties and job responsibilities	
GS/GM 13	
Very Great/Great Extent	73.0%
Moderate Extent	18.4%
Some/Little or No Extent	8.6%
N = 407	

(continued)

GS/GM 14
Very Great/Great Extent 74.0%
Moderate Extent 16.0%
Some/Little or No Extent 10.1%
N = 169

GS/GM 15
Very Great/Great Extent 81.3%
Moderate Extent 11.3%
Some/Little or No Extent 7.5%
N = 80

SES
Very Great/Great Extent 90.6%
Moderate Extent 3.1%
Some/Little or No Extent 6.3%
N = 32

The criteria used to evaluate your performance

GS/GM 13
Very Great/Great Extent 39.1%
Moderate Extent 25.7%
Some/Little or No Extent 35.2%
N = 401

GS/GM 14
Very Great/Great Extent 33.9%
Moderate Extent 25.6%
Some/Little or No Extent 40.5%
N = 168

GS/GM 15
Very Great/Great Extent 46.2%
Moderate Extent 20.0%
Some/Little or No Extent 33.8%
N = 80

SES
Very Great/Great Extent 61.3%
Moderate Extent 22.6%
Some/Little or No Extent 16.1%
N = 31

22. In your opinion, to what extent does your unit effectively carry out the following functions?

Develop governmentwide policy in your functional area
Very Great/Great Extent 43.0%
Moderate Extent 25.0%
Some/Little or No Extent 32.0%
N = 316

Provide leadership in your functional area
Very Great/Great Extent 49.2%
Moderate Extent 27.2%
Some/Little or No Extent 23.6%

(continued)

N = 622

Provide technical assistance in your functional area

Very Great/Great Extent	59.4%
Moderate Extent	22.3%
Some/Little or No Extent	18.3%
N = 638	

Deliver programs or services in your functional area

Very Great/Great Extent	64.0%
Moderate Extent	22.0%
Some/Little or No Extent	13.9%
N = 631	

Serve as information clearing house in your functional area

Very Great/Great Extent	36.2%
Moderate Extent	28.2%
Some/Little or No Extent	35.6%
N = 567	

Evaluate programs in functional area

Very Great/Great Extent	33.6%
Moderate Extent	26.4%
Some/Little or No Extent	40.0%
N = 503	

23. In your opinion, to what extent does (1) your unit and (2) OPM as a whole effectively carry out its goals and its objective?

Your unit

GS/GM 13

Very Great/Great Extent	54.1%
Moderate Extent	30.4%
Some/Little or No Extent	15.6%
N = 405	

GS/GM 14

Very Great/Great Extent	56.2%
Moderate Extent	29.6%
Some/Little or No Extent	14.2%
N = 169	

GS/GM 15

Very Great/Great Extent	60.0%
Moderate Extent	35.0%
Some/Little or No Extent	5.0%
N = 80	

SES

Very Great/Great Extent	87.5%
Moderate Extent	9.4%
Some/Little or No Extent	3.1%
N = 32	

(continued)

OPM

GS/GM 13
- Very Great/Great Extent 14.7%
- Moderate Extent 34.7%
- Some/Little or No Extent 50.7%
- N = 355

GS/GM 14
- Very Great/Great Extent 10.8%
- Moderate Extent 33.1%
- Some/Little or No Extent 56.1%
- N = 157

GS/GM 15
- Very Great/Great Extent 18.8%
- Moderate Extent 30.0%
- Some/Little or No Extent 51.3%
- N = 80

SES
- Very Great/Great Extent 41.4%
- Moderate Extent 41.4%
- Some/Little or No Extent 17.2%
- N = 29

24. For regular or immediate retirement purposes, both the Civil Service Retirement System (CSRS) and the new Federal Employees Retirement System (FERS) have the same minimum eligibility requirements for employees born before 1948. These are:

Age 55 with 30 years of service;
Age 60 with 20 years of service;
Age 62 with 5 years of service;

Within the next 5 years, will you be eligible for regular retirement under the criteria described above?
- Yes, I am currently eligible to retire 8.6%
- Yes, I will be eligible to retire 18.9%
- No 72.4%
- N = 689

25. How long do you expect to stay with OPM after you become eligible for regular retirement, or if you are already eligible for regular retirement, how much longer do you expect to stay?
- Less than 6 months 31.2%
- 6 months to less than 1 year 9.7%
- 1 to less than 3 years 26.3%
- 3 to less than 5 years 12.9%
- 5 years or more 9.1%
- Unsure at this time 10.8%
- N = 186

26. Taking everything into account, how likely or unlikely is it that you would leave OPM for any reason within the next 5 years?
- Very Unlikely/Unlikely 32.2%
- Can't Predict at this time 26.1%
- Likely/Very Likely 41.6%
- N = 490

(continued)

27. Which of the following are reasons why you are likely to leave OPM within the next 5 years? (Respondents could choose more than one reason.)

Retirement	40.2%
Poor promotion potential	47.6%
Lack of rewards and recognition for good performance	49.9%
N = 353	

28. To what extent, if at all, do you believe good communications exist between your unit and the following organizational entities at OPM?

Office of the Director

GS/GM 13	
Very Great/Great Extent	12.2%
Moderate Extent	20.2%
Some/Little or No Extent	67.7%
N = 263	
GS/GM 14	
Very Great/Great Extent	13.3%
Moderate Extent	21.2%
Some/Little or No Extent	65.5%
N = 113	
GS/GM 15	
Very Great/Great Extent	20.9%
Moderate Extent	28.4%
Some/Little or No Extent	50.8%
N = 67	
SES	
Very Great/Great Extent	53.3%
Moderate Extent	20.0%
Some/Little or No Extent	26.7%
N = 30	

Offices of the Associate Directors

GS/GM 13	
Very Great/Great Extent	16.6%
Moderate Extent	24.1%
Some/Little or No Extent	59.3%
N = 307	
GS/GM 14	
Very Great/Great Extent	19.6%
Moderate Extent	24.6%
Some/Little or No Extent	55.8%
N = 138	
GS/GM 15	
Very Great/Great Extent	25.4%
Moderate Extent	32.4%
Some/Little or No Extent	42.3%
N = 71	

(continued)

SES	
Very Great/Great Extent	50.0%
Moderate Extent	23.3%
Some/Little or No Extent	26.7%
N = 30	
Offices of the Assistant Directors	
GS/GM 13	
Very Great/Great Extent	28.3%
Moderate Extent	29.5%
Some/Little or No Extent	42.3%
N = 336	
GS/GM 14	
Very Great/Great Extent	30.6%
Moderate Extent	29.9%
Some/Little or No Extent	39.5%
N = 147	
GS/GM 15	
Very Great/Great Extent	37.5%
Moderate Extent	31.9%
Some/Little or No Extent	30.6%
N = 72	
SES	
Very Great/Great Extent	51.7%
Moderate Extent	31.0%
Some/Little or No Extent	17.2%
N = 29	
OPM's Administration Group (Headquarters)	
GS/GM 13	
Very Great/Great Extent	15.9%
Moderate Extent	29.1%
Some/Little or No Extent	55.0%
N = 289	
GS/GM 14	
Very Great/Great Extent	17.3%
Moderate Extent	30.8%
Some/Little or No Extent	51.9%
N = 133	
GS/GM 15	
Very Great/Great Extent	27.9%
Moderate Extent	25.0%
Some/Little or No Extent	47.1%
N = 68	
SES	
Very Great/Great Extent	32.1%
Moderate Extent	17.9%
Some/Little or No Extent	50.0%
N = 28	

(continued)

29. To what extent, if at all, does your supervisor provide you with feedback on your performance?

GS/GM 13	
Very Great/Great Extent	33.4%
Moderate Extent	26.0%
Some/Little or No Extent	40.6%
N = 404	
GS/GM 14	
Very Great/Great Extent	35.4%
Moderate Extent	25.6%
Some/Little or No Extent	39.0%
N = 164	
GS/GM 15	
Very Great/Great Extent	46.2%
Moderate Extent	24.4%
Some/Little or No Extent	29.5%
N = 78	
SES	
Very Great/Great Extent	71.9%
Moderate Extent	9.4%
Some/Little or No Extent	18.8%
N = 32	

30. To what extent, if at all, does your supervisor provide you with information that you need to effectively perform your job responsibilities?

GS/GM 13	
Very Great/Great Extent	40.5%
Moderate Extent	26.5%
Some/Little or No Extent	33.0%
N = 400	
GS/GM 14	
Very Great/Great Extent	43.0%
Moderate Extent	22.4%
Some/Little or No Extent	34.6%
N = 165	
GS/GM 15	
Very Great/Great Extent	51.3%
Moderate Extent	18.0%
Some/Little or No Extent	30.8%
N = 78	
SES	
Very Great/Great Extent	69.0%
Moderate Extent	10.3%
Some/Little or No Extent	20.7%
N = 29	

(continued)

31. In your opinion, to what extent, if at all, do each of the following factors adversely affect your unit's ability to accomplish its goals and objectives?

Budget constraints

S & E Employees

Very Great/Great Extent	43.2%
Moderate Extent	27.5%
Some/Little or No Extent	29.4%
N = 368	

Staffing constraints

S & E Employees

Very Great/Great Extent	46.5%
Moderate Extent	22.0%
Some/Little or No Extent	31.5%
N = 372	

32. In your opinion, to what extent, if at all, are the following CSRA objectives or responsibilities being adequately carried out?

OPM planning for the future needs of the federal workforce

Very Great/Great Extent	10.0%
Moderate Extent	15.6%
Some/Little or No Extent	74.4%
N = 571	

Agencies planning for the future needs of the federal workforce

Very Great/Great Extent	6.6%
Moderate Extent	21.0%
Some/Little or No Extent	72.4%
N = 467	

OPM conducting or supporting personnel research programs and demonstration projects

Very Great/Great Extent	12.4%
Moderate Extent	28.0%
Some/Little or No Extent	59.6%
N = 564	

Agencies basing individual pay increases on quality of performance rather than length of service

Very Great/Great Extent	7.1%
Moderate Extent	22.4%
Some/Little or No Extent	70.5%
N = 478	

Agencies recruiting and retaining highly competent and qualified SES managers

Very Great/Great Extent	5.3%
Moderate Extent	9.9%
Some/Little or No Extent	84.9%
N = 416	

33. For the following broad categories of personnel management issues, would you say that over the past 5 years the situation has improved, stayed about the same, or gotten worse?

Acquisition of quality personnel

Greatly Improved/Improved	4.6%
Stayed About the Same	24.2%
Gotten Worse/Gotten Much Worse	71.2%
N = 657	

(continued)

Retention of quality personnel
- Greatly Improved/Improved 2.1%
- Stayed About the Same 20.6%
- Gotten Worse/Gotten Much Worse 77.3%
- N = 661

Motivation levels of personnel
- Greatly Improved/Improved 5.4%
- Stayed About the Same 20.5%
- Gotten Worse/Gotten Much Worse 74.1%
- N = 667

Personnel Directors

1. In your opinion, to what extent, if at all, are the following CSRA objectives or responsibilities being adequately carried out?

OPM planning for the future needs of the federal workforce
- Very Great/Great Extent 10.0%
- Moderate Extent 25.0%
- Some/Little or No Extent 65.0%
- N = 20

Agencies planning for the future needs of the federal workforce
- Very Great/Great Extent 20.0%
- Moderate Extent 40.0%
- Some/Little or No Extent 40.0%
- N = 20

OPM conducting or supporting personnel research programs and demonstration projects
- Very Great/Great Extent 15.0%
- Moderate Extent 25.0%
- Some/Little or No Extent 60.0%
- N = 20

Agencies basing individual pay increases on quality of performance rather than length of service
- Very Great/Great Extent 40.0%
- Moderate Extent 55.0%
- Some/Little or No Extent 5.0%
- N = 20

Agencies recruiting and retaining highly competent and qualified SES managers
- Very Great/Great Extent 20.0%
- Moderate Extent 55.0%
- Some/Little or No Extent 25.0%
- N = 20

2. Overall, how satisfied or dissatisfied are you with the condition of the following personnel management issue in the federal government at this time?

Degree to which performance appraisals have helped improve organizational performance
- Very Satisfied/Satisfied 16.7%
- Neither Satisfied nor Dissatisfied 33.3%
- Dissatisfied/Very Dissatisfied 50.0%
- N = 18

(continued)

3. For the following broad categories of personnel management issues, would you say that over the past 5 years the situation has improved, stayed about the same, or gotten worse?

Acquisition of quality personnel	
Greatly Improved/Improved	10.0%
Stayed About the Same	40.0%
Gotten Worse/Gotten Much Worse	50.0%
N = 20	
Retention of quality personnel	
Greatly Improved/Improved	5.0%
Stayed About the Same	35.0%
Gotten Worse/Gotten Much Worse	60.0%
N = 20	
Motivation levels of personnel	
Greatly Improved/Improved	15.0%
Stayed About the Same	40.0%
Gotten Worse/Gotten Much Worse	45.0%
N = 20	

4. At the present time, OPM has a number of initiatives underway. How positive or negative an effect, if any, do you believe each of the following OPM initiatives will have on federal personnel management?

Qualification Standards Revision	
Very Positive/Positive	90.0%
Neither Positive nor Negative	10.0%
Negative/Very Negative	0.0%
N = 20	
Delegation of examining authority	
Very Positive/Positive	100.0%
Neither Positive nor Negative	0.0%
Negative/Very Negative	0.0%
N = 20	
College Graduate Recruiting	
Very Positive/Positive	75.0%
Neither Positive nor Negative	15.0%
Negative/Very Negative	10.0%
N = 20	
Consolidating examinations	
Very Positive/Positive	68.4%
Neither Positive nor Negative	31.6%
Negative/Very Negative	0.0%
N = 19	

5. Under Title VI of the CSRA, OPM is responsible for conducting and/or supporting the conducting research and demonstration projects related to innovative federal personnel management. In your opinion, to what extent, if any, have OPM's research and demonstration activities had the following impact?

Increased the quantity of personnel management research	
Very Great/Great Extent	11.8%
Moderate Extent	17.6%
Some/Little or No Extent	70.6%
N = 17	

(continued)

Improved the quality of personnel management research

Very Great/Great Extent	11.8%
Moderate Extent	5.9%
Some/Little or No Extent	82.4%
N = 17	

Improved the dissemination of information on personnel management research

Very Great/Great Extent	11.1%
Moderate Extent	5.6%
Some/Little or No Extent	83.3%
N = 18	

6. In your opinion, to what extent, if any, have the personnel management evaluation activities of OPM accomplished the following objectives within your agency?

Identified prohibited personnel practices or noncompliance with the merit system principles and civil service laws, rules, and regulations

Very Great/Great Extent	0.0%
Moderate Extent	26.3%
Some/Little or No Extent	73.7%
N = 19	

Provided feedback to top agency officials (e.g., agency head or his/her designee) on the effectivenes of their agency's personnel programs

	s
Very Great/Great Extent	10.0%
Moderate Extent	35.0%
Some/Little or No Extent	55.0%
N = 20	

7. To what extent, if any, has OPM assisted your agency's workforce planning efforts through the following activities?

Developed broad guidance on workforce planning

Very Great/Great Extent	0.0%
Moderate Extent	8.3%
Some/Little or No Extent	91.7%
N = 12	

Developed and disseminated data on future governmentwide trends expected in the federal workforce

Very Great/Great Extent	8.3%
Moderate Extent	0.0%
Some/Little or No Extent	91.7%
N = 12	

Encouraged the use of workforce planning

Very Great/Great Extent	0.0%
Moderate Extent	18.2%
Some/Little or No Extent	81.8%
N = 11	

Acted as a clearinghouse for information on effective workforce planning practices

Very Great/Great Extent	0.0%
Moderate Extent	0.0%
Some/Little or No Extent	100.0%
N = 11	

(continued)

8. In your opinion, how effectively or ineffectively has OPM carried out its staffing responsibilities in the following areas?

Conducting recruitment operations	
Very Effectively/Effectively	21.1%
Neither Effectively nor Ineffectively	10.5%
Ineffectively/Very Ineffectively	68.4%
N = 19	
Conducting examination operations	
Very Effectively/Effectively	30.0%
Neither Effectively nor Ineffectively	20.0%
Ineffectively/Very Ineffectively	50.0%
N = 20	
Providing leadership to agencies in carrying out the agencies' recruitment efforts	
Very Effectively/Effectively	10.0%
Neither Effectively nor Ineffectively	40.0%
Ineffectively/Very Ineffectively	50.0%
N = 20	
Providing assistance to agencies in carrying out the agencies' recruitment efforts	
Very Effectively/Effectively	15.8%
Neither Effectively nor Ineffectively	42.1%
Ineffectively/Very Ineffectively	42.1%
N = 19	
Making contacts with potential sources of qualified personnel (such as colleges, professional associations, etc.)	
Very Effectively/Effectively	0.0%
Neither Effectively nor Ineffectively	38.9%
Ineffectively/Very Ineffectively	61.1%
N = 18	
Supplying comprehensive job information to the public through OPM operated Job Information Centers	n
Very Effectively/Effectively	27.8%
Neither Effectively nor Ineffectively	16.7%
Ineffectively/Very Ineffectively	55.6%
N = 18	
Providing overall planning, coordination, and direction for governmentwide recruitment	
Very Effectively/Effectively	5.0%
Neither Effectively nor Ineffectively	40.0%
Ineffectively/Very Ineffectively	55.0%
N = 20	

9. To what extent, if any, has the use of delegated examining authority had the indicated effects on your agency's staffing program?

Improved the quality of individual selected	
Very Great/Great Extent	58.8%
Moderate Extent	35.3%
Some/Little or No Extent	5.9%
N = 17	

(continued)

Increased agency control over competitive staffing procedures

Very Great/Great Extent	77.8%
Moderate Extent	11.1%
Some/Little or No Extent	11.1%
N = 18	

Increased the economy and efficiency of the hiring process

Very Great/Great Extent	70.6%
Moderate Extent	17.6%
Some/Little or No Extent	11.8%
N = 17	

Improved the timeliness of the hiring process

Very Great/Great Extent	83.3%
Moderate Extent	11.1%
Some/Little or No Extent	5.6%
N = 18	

Improved program and/or service delivery

Very Great/Great Extent	61.1%
Moderate Extent	27.8%
Some/Little or No Extent	11.1%
N = 18	

IAV PME Committee Members

1. To what extent do you feel that OPM's PME program, overall, has accomplished the following objectives in your agency?

Reduced the likelihood of noncompliance with merit system principles and civil service laws, rules, and regulations and the commission of prohibited personnel practices

Action Not Taken	1.6%
Very Great/Great Extent	16.4%
Moderate Extent	24.6%
Some/Little or No Extent	57.4%
N = 61	

Provided useful feedback through the Installation Assessment Visit (IAV) Reports

Action Not Taken	1.7%
Very Great/Great Extent	8.6%
Moderate Extent	32.8%
Some/Little or No Extent	56.9%
N = 58	

2. To what extent, if any, have the following OPM activities helped your agency's internal personnel management evaluation efforts?

OPM establishing standards for effective personnel management evaluation systems

Activity not Provided	16.4%
Very Great/Great Extent	3.3%
Moderate Extent	14.8%
Some/Little or No Extent	65.6%
N = 61	

OPM conducting research in and developing methods for evaluating personnel management

Activity not Provided	22.0%
Very Great/Great Extent	4.0%
Moderate Extent	8.0%
Some/Little or No Extent	66.0%
N = 50	

(continued)

OPM assuring that persons who engage in personnel management evaluation are properly qualified

Activity not Provided	28.8%
Very Great/Great Extent	5.8%
Moderate Extent	13.5%
Some/Little or No Extent	51.9%
N = 52	

OPM assessing agency personnel management evaluation systems

Activity not Provided	18.6%
Very Great/Great Extent	6.8%
Moderate Extent	13.6%
Some/Little or No Extent	61.0%
N = 59	

3. Does your department/agency have an on-going internal personnel management evaluation program? (frequency)

Yes	53
No	30
Don't Know	2
N = 85	

4. Overall, would you say that since October 1, 1983, your agency's internal personnel management evaluation program has increased, stayed about the same, or decreased in the following areas?

Number of onsite reviews

Greatly Increased/Increased	25.0%
Stayed About the Same	43.8%
Decreased/Greatly Decreased	31.3%
N = 48	

Number of off-site reviews

Greatly Increased/Increased	21.6%
Stayed About the Same	59.5%
Decreased/Greatly Decreased	18.9%
N = 37	

Number of professional staff years involved in personnel management evaluation activity

Greatly Increased/Increased	22.4%
Stayed About the Same	38.8%
Decreased/Greatly Decreased	38.8%
N = 49	

Number of indepth compliance reviews

Greatly Increased/Increased	19.6%
Stayed About the Same	47.8%
Decreased/Greatly Decreased	32.6%
N = 46	

Number of indepth personnel management evaluation reviews

Greatly Increased/Increased	16.7%
Stayed About the Same	50.0%
Decreased/Greatly Decreased	33.3%
N = 48	

Number of questionnaire survey reviews

Greatly Increased/Increased	19.5%
Stayed About the Same	48.8%
Decreased/Greatly Decreased	31.7%
N = 41	

(continued)

Level of personnel management evaluation coverage	
Greatly Increased/Increased	22.9%
Stayed About the Same	60.4%
Decreased/Greatly Decreased	16.7%
N = 48	
Level of personnel management evaluation program effectiveness	
Greatly Increased/Increased	33.3%
Stayed About the Same	47.9%
Decreased/Greatly Decreased	18.8%
N = 48	

Comments From the Office of Personnel Management

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT
WASHINGTON, D.C. 20415

OFFICE OF THE DIRECTOR

November 18, 1988

The Honorable
Charles A. Bowsher
Comptroller General
General Accounting Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Bowsher:

See pp. 100-104.

We hereby submit to you our comments on GAO's draft management review of OPM. We consider this report an inadequate assessment of OPM's leadership in the human resources area.

Among other things, the report reflects a limited, abstract understanding of human resources policy, viewing it in isolation from the broader political, economic, and workplace realities that necessarily affect it. To suggest that government recruitment efforts are suffering primarily because of inadequate federal human resources management, for instance, is to ignore the fact that all employers today are experiencing similar difficulties, as the result of certain powerful, long-term demographic trends.

By way of response to today's shortages, GAO offers little more than a recitation of the rote of human resources management -- i.e., more planning, more evaluation, more oversight. These are, of course, important areas of concern, and we have strong policies in all of them -- although GAO systematically underestimates their scope and effectiveness.

Labor shortages will be solved by concrete, practical programs. Although it is not at all apparent from the GAO report, OPM has launched a whole range of such innovative initiatives, designed to increase the competitiveness of federal employment by making the government workplace more responsive to the needs and concerns of our employees. Among the programs given short shrift by GAO are our efforts to improve pay and benefits for federal employees, to revitalize hiring and recruiting, to upgrade the SES, to promote flexible dependent care policies, and to deal with the problems of drug abuse and AIDS in the workplace.

Finally, the overarching theme of the report seems to be that consistency is the chief virtue of human resources management, and that it should close itself off from broader political change and fluctuating presidential priorities. Yet the whole point of the Civil Service Reform Act -- from which the GAO report ostensibly takes its bearings -- was to make the civil service more flexible, more adaptable, and more responsive to executive leadership and to the will of the American people. The report in fact reflects a nostalgia for the mode of the Civil Service Commission, whose role was to interpret a complex, inflexible network of personnel procedures, without reference to the broader needs of management or change of direction expressed by the public through elections.

GAO's performance is all the more disappointing because OPM appreciates full well the benefits of constructive assessment of policy, and the important role it plays in our system of government. This report, however, falls short of that standard. By any just assessment, OPM has exercised vigorous and effective leadership in the human resources management field.

Sincerely,

Constance Horner

Constance Horner
Director

OPM COMMENTS ON GAO REPORT: "HUMAN RESOURCES MANAGEMENT: GREATER OPM LEADERSHIP NEEDED TO ADDRESS CHALLENGES"

See pp. 100-104 and comments below

Our review of GAO's report on OPM human resources management practices leads us to conclude that it is seriously and fundamentally flawed, and is by no means an accurate assessment of OPM leadership in the human resources field. Among other things, the report:

-- Is based on a very narrow, limited, abstract view of human resources policy, treating it as if it could be formulated and carried out in isolation from the broader political, managerial and workplace environments.

-- Misunderstands the purpose of the Civil Service Reform Act by emphasizing consistency of policy at the expense of adaptability, flexibility and responsiveness, and underreports our efforts to carry out the mandate of the CSRA.

-- Mischaracterizes the state of OPM employee morale, by ignoring the broader institutional changes that have shaped it.

-- Underreports or ignores the many positive initiatives OPM has undertaken to meet real, urgent problems in the Federal workplace.

Each of these problems will be taken up below. Our response will show that, when viewed in the "real world" context of concrete change and concrete response -- not in the abstract world of human resources process -- OPM has unquestionably compiled a substantial record of leadership.

See comment 1.

Managing Human Resources in a Changing Environment

The GAO report notes that the Federal government today cannot attract and retain the employees it needs, and suggests that this results above all from our failure to put a high priority on human resources management. It maintains that this failure manifests itself in the low morale and poor image of the federal worker, the Administration's "short-term" budget focus, and problems with pay comparability.

Without disputing the fact that the Federal government is facing staffing difficulties, we believe that GAO understands human resources managment in a very narrow, abstract, textbook way, viewing it as if it could be conducted in isolation from the broader political, managerial, and labor market environments.

See comment 2.

Ignoring the Political Context. The poor image and low morale of the Federal civil servant, for instance, cannot be understood simply as a failure of human resources management. It must be viewed in the broader political context of a general decline in public confidence in government between the 60s and early 80s.

Americans during this period began to have serious doubts about the government's ability to solve major social and economic problems, in part because they believed it had become too large and inefficient. Consequently, candidates Carter in 1976 and Reagan in 1980 captured the presidency by "running against the bureaucracy" -- but that was as much effect as cause of the poor image of the Federal civil servant and of government in general.

In fact, in both cases the candidates sought to remedy the general discontent with government by seeking increased accountability and responsiveness to the people. President Carter began the process with his Civil Service Reform Act of 1978, a landmark reform providing tools to improve the government's effectiveness. And President Reagan continued this process, by working to trim Federal responsibilities back to those more clearly envisioned by the Constitution, and returning other tasks to state and local governments and the private sector.

The reforms sought by both presidencies resulted in considerable upheaval in the Federal workforce. Among employees favoring former policies and comfortable with the traditional personnel system, there was bound to be disaffection and disillusionment. GAO's analysis suggests that top priority should have been given to avoiding any such disaffection and disillusionment, i.e., to ensuring "proper" human resource management despite the electorate's mandate for change, reflected in the elections of 1976 and 1980.

We believe, by contrast, that in a democratic system, top priority must be given to effecting the mandate for change and responding to the will of the people -- while of course minimizing to the extent possible disruptive effects on the workforce.

See comment 3.

Ignoring the Managerial Context. The GAO report disregards not only the political context of personnel management, but the managerial context as well. It suggests that the cost-cutting measures pursued in the early 80s were "short-sighted," because they overlooked human resources management concerns. But GAO ignores the need facing OPM and other agencies at the time to balance such concerns against President Reagan's broader mandate to reduce the size and scope of government.

No organization can scale back operations -- cutting costs and decreasing staff size -- without secondary and negative effects on employee morale and loyalty. The Federal government was not alone in this regard -- in fact, many private firms in the early 80s were forced to lay off employees and otherwise cut costs, in the struggle to remain competitive. Most traumatic were lay-offs of mid-level managers, many of whom had been with

their firms for years. Indeed, compared with the deep cuts in the private sector, personnel cutbacks in the government were far less extensive.

Public and private sector organizations in this period had to be realistic about the need for personnel cutbacks. While trying to soften the effects of staff reductions, they could not afford to put human resources management before competitiveness and survival. GAO's apparent wish to make human resources management the paramount priority reflects an unrealistic view of the purpose and survivability of organizations within dynamic economic or political settings.

See comment 4.

Ignoring the Labor Market Context. GAO maintains that increasing difficulties in recruiting and retaining good employees demonstrate inadequate Federal human resource management. This ignores altogether the broader labor market context, however, which indicates that this problem is by no means government-specific. In fact, both public and private sectors are wrestling with the problem of fewer new workers entering the labor market. And as for employee quality, private sector employers have been complaining for several years about the declining basic skills and training of new workers. The shortage of trained labor is a problem with which all employers must wrestle, as Workforce 2000 and other studies make clear.

See comments 26 and 27.

Two key ways to cope with this problem, of course, are increasing managerial flexibility in hiring and paying employees at appropriate levels. GAO acknowledges our initiatives in the former area, but ignores altogether our efforts to develop a strong, multi-faceted response to the full range of pay problems. (We will discuss these below.)

See comment 5.

Fulfilling the Purposes of the Civil Service Reform Act

The GAO report relies primarily on the Civil Service Reform Act of 1978 to measure the work of OPM -- and yet we believe that it fundamentally misunderstands the purpose of CSRA, and misrepresents our efforts to make it work.

The tenor of the GAO report suggests that the prime virtue of Federal human resources leadership is consistency of policy, irrespective of changes in executive leadership -- as if CSRA intended to place OPM and human resources policy beyond the reach of politics, and the changes it often brings. In fact, the precise opposite is true.

CSRA was in fact designed to make Federal personnel management more, not less, responsive to the political will of the people as expressed in presidential elections. It reflected dissatisfaction with the old Civil Service Commission's rigid, inflexible enforcement of legalistic personnel rules at all

costs, in utter disregard of political and workplace realities. It gives the President more flexibility to manage agencies and personnel, in order to achieve the goals for which he was elected. It was, in short, meant to enhance the democratic responsiveness of the civil service, and to ensure that it served the people, rather than an abstract system of archaic rules.

There is no question that absolute consistency and predictability in government would make managing it a relatively straightforward task, and that within such a static environment, human resources management could -- perhaps -- be fine-tuned to a perfect science. But democracy is a dynamic system, and its survival depends in large part on the people's ability to vote for a change in government -- and in the management of government personnel -- and get it.

Such was the intention behind the CSRA. By contrast, GAO's emphasis on abstract process and and politics-free consistency ignores that goal, reflecting more a nostalgia for the highly regulatory approach of the Civil Service Commission than a commitment to the the new, flexible, responsive purposes of CSRA and OPM.

See comment 6

Furthermore, while OPM fully supports CSRA and its purposes and understands it to be a vast improvement over previous arrangements, we necessarily consider it but one major element of a sound human resources management system. CSRA was meant to be the beginning, not the end, of change and adaptation. For instance, many reforms believed essential by the framers of CSRA, particularly in the pay area, were in fact left out of the original act. Other parts of CSRA proved unworkable, and had to be revised. And many environmental changes and new workplace problems have arisen since the passage of CSRA that simply could not have been foreseen by it.

In short, CSRA provides one good measure by which to assess OPM activity -- once CSRA is properly understood -- but it by no means exhausts the definition of leadership in the Federal human resources area. GAO's exclusive reliance on CSRA as the appropriate measure necessarily understates OPM's leadership role, and ignores its many initiatives to deal with the new conditions and problems not anticipated by CSRA. (Those will be discussed below.)

See comments 7 - 22

Even as it measures OPM by the standard of CSRA, however, GAO misrepresents and understates our efforts to fulfill the purposes of the act, in all areas evaluated -- planning, hiring, performance improvement, and oversight.

See comment 7

Planning. GAO finds inadequate OPM's planning for the future needs of the Federal workforce and its program of research and demonstration projects. Neither charge is accurate.

In fact, we are planning in appropriate ways for future workplace needs. The extensive reform agenda we have proposed -- and that GAO ignores -- unmistakably demonstrates that we understand where the Federal workplace is headed. This should not be surprising, considering our extensive use of our CPDF data base, which allows us to study a wide range of Federal personnel trends; our tracking of nationwide demographic trends; and our awareness of general management trends in the private sector.

See comment 8.

Beyond that, we understand that some level of overall planning is needed to identify macro workforce trends, monitor the quality of our workforce, and study the implications of policy changes on the workforce. Studies like the recent Civil Service 2000, which identified major trends affecting our workforce, can be very useful. That report is a first step in our effort to offer agencies the sort of information they need to plan for future challenges.

See comment 9.

In addition, we are aggressively pursuing efforts to monitor the quality of the federal workforce, by gathering data on the quality of the applicant pool, of the existing workforce, and of those leaving the workforce. (GAO acknowledges only the first part of our monitoring efforts.) We have also completed a personnel management research strategy and will, as a result, review the implications of many policy options. And to ensure maximum effect, we will work to increase dissemination of our results to agencies, Congress, scholars, and other parties.

See comment 10.

It must be understood, however, that many of the agency-specific problems singled out by GAO as evidence of "inadequate planning" in fact could not have been solved by planning at all. EPA's workforce problems, for instance, resulted from Congress's sudden decision to increase dramatically the number of personnel committed to Superfund clean-up; and the FAA's personnel problems began with the unanticipated PATCO strike. Neither problem could have been foreseen or alleviated by better planning, as GAO suggests. Indeed, such planning might have locked the agencies into rigid, inflexible workforce arrangements that would not have allowed them to adapt. Once again, GAO's focus on abstract process leads them to ignore broader context, and the importance of changes in the human resources environment.

See comment 11.

GAO cites two specific areas -- federal pay and FERS -- calling for more study and planning than we have hitherto undertaken. We have, in fact, studied the effects these factors are likely to have on our workforce -- but we have responded in ways that GAO either ignores or dislikes.

In the matter of federal pay, we clearly need to develop a pay system which allows agencies to get the staff they need. While OPM has devoted considerable attention to just this effort,

however, GAO makes little or no mention of our many initiatives to improve the pay system. (These will be discussed below.)

See comment 12

As for the effect of FERS, GAO worries that the new retirement system's portability will precipitate a massive exodus of mid-career employees from the government, and maintains that we need more planning to prepare for it.

FERS is considerably more portable than the Civil Service Retirement System, but it is by no means clear that it will dramatically increase turnover of mid-career employees. Early indications are that the "golden handcuffs" effect of the CSRS was considerably exaggerated. When Federal employees were given the opportunity to convert to FERS, only 3% -- as opposed to the 40% predicted by CBO -- took that opportunity, indicating once again the problem with abstract planning.

A subsequent survey by OPM found that most employees eligible for FERS intended to remain in the government until retirement anyway, and hence, portability was not an issue. Indeed, FERS should make it easier to recruit individuals in mid-career, because it allows them to continue their Social Security coverage and to build up portable thrift accounts during their Federal service. Furthermore, sinced FERS raises the age at which full retirement benefits become available and pays a bonus for retirement after age 61 with extended service, it arguably contains significantly stronger retention factors than the old civil service retirement system. In other words, OPM has studied the likely effects of FERS, but they are considerably different from the ones foreseen by GAO.

See comment 13

GAO suggests that OPM historically has been reluctant to undertake a sufficient number of research and demonstration projects. Of course, for a number of years immediately following the passage of CSRA, most agencies were too preoccupied with installing major personnel reforms mandated by the act -- merit pay, SES, performance appraisal -- to consider demonstration projects. Agencies understandably wanted to absorb and analyze these fundamental changes, before designing and trying out further innovations.

Furthermore, the GAO report of September, 1987, noted that OPM was actively promoting the development of demonstration projects, and that 84% of the agencies surveyed said that OPM has encouraged them to develop proposals. The major impediment to proposal development was internal, with "heavy resource requirements" the most frequently cited reason for not pursuing projects.

See comment 14

Finally, GAO's report is outdated, and does not reflect a number of demonstration projects underway or in the clearance stage, exploring promising alternatives such as pay-banding,

skill-based pay, locality pay, gainsharing, and recruitment and retention bonuses. For instance, in addition to the Pacer Share project at McClellan Air Force Base cited by GAO, the National Institute of Standards and Technology implemented a project testing total compensation comparability on January 1, 1988.

We have developed and implemented a demonstration project at the FAA within Chapter 47 involving retention allowances, and another outside Chapter 47 testing recruitment bonuses and retention allowances with the FBI in New York City. And we have given conceptual approval for two additional projects -- one at the Department of Agriculture and one at the Defense Logistics Agency -- and are completing work on three other projects pending conceptual approval.

See comment 15

OPM is dedicated to an extensive research and demonstration program -- in fact, we support legislation to expand that program -- in part because we know it teaches valuable and illuminating lessons. One of the most valuable lessons comes from the Navy experiment, which clearly demonstrates the value of pay-banding and an expanded pay-for-performance system. On the basis of that experiment, we tried to introduce similar measures to the government as a whole, through the Civil Service Simplification Act. Ironically, GAO continues to cavil at the results of what is easily our most far-reaching, instructive and conclusive demonstration project and to give CSSA only the faintest of praise, while implementing the findings at GAO itself.

See comment 16

Hiring and Recruiting. The GAO reviewed favorably our latest hiring and recruiting initiatives, and we appreciate this support. At the same time, however, GAO couched its praise in skepticism, suggesting that the new policies may well fall victim to the inconsistency and "fundamental shifts" that have disrupted hiring and recruiting in the past.

Given the generally favorable response to our new hiring and recruiting initiatives, we anticipate that they will, in fact, be sustained as long as they are useful. Nonetheless, those initiatives must be understood as appropriate adaptations to the conditions of the present -- to the prevailing needs of the federal government, the composition of the labor force, and the competitive nature of the labor market.

Those conditions will no doubt change in the future, just as they have changed in the past. And when they do, our policies will change and adapt as well. We do not agree with GAO's premise that there is only one "correct" policy for all times and places, operating instead on the belief that flexibility and adaptability of policy is preferable to rigid, abstract consistency for its own sake.

See comment 17

Beyond maintaining consistency, GAO urges OPM to undertake a

systematic analysis of the effectiveness of our staffing programs, emphasizing the delegated examining and recruiting authorities. In fact, we have long had, and will sustain, a comprehensive oversight and monitoring program for activities using delegated examining authority, carried out by the staffing operations personnel in our area offices. Furthermore, our program to strengthen relationships with recruiting sources, including college placement officials, is a major, long-term effort, and obtaining feedback on the effectiveness of the program will be a high priority.

See comment 18

See comment 19

Performance Improvement. GAO reports some of OPM's initiatives in the area of performance management, but ignores or barely mentions others. For instance, short shrift is given to the establishment of the Total Quality Management Institute within OPM, the ongoing quality network of agency representatives who meet regularly under OPM auspices, and the numerous studies and reports issued by OPM concerning performance appraisal systems.

Unreported activity includes our 1985 report on the inadequacy of agency performance standards for employees and limited linkage of performance ratings and other personnel actions; a 1987 report to the President and Congress on the Performance Management and Recognition System; a pamphlet on development of performance elements and standards; a training center course on standards writing; and a pamphlet on conducting the appraisal interview.

Also omitted was any mention of our efforts to improve agency incentive awards programs, particularly suggestion programs, through direct technical assistance to some 40 agencies with the poorest results. A sample plan for improving results was developed and provided to agencies as well as guidance on program evaluation, promotion and planning.

See comment 20

Generally, GAO's comments suggest that performance management problems are somehow unique to the Federal government, and the result of inadequate leadership by OPM. Once again, this is to ignore the environmental context. Difficulties with performance appraisal and pay-for-performance are in fact pandemic throughout the public and private sectors.

These are new and relatively untried -- but nonetheless essential -- concepts in the workplace. In spite of problems, the benefits of these systems are substantial enough that employers show little inclination to abandon them. Improvements will be made slowly and over time, as managers build experience with these systems and learn from others.

See comment 21

Oversight. GAO repeats earlier criticism of OPM's evaluation program, based largely on what was being done while OPM was installing the data-intensive oversight system in FY 84-86. It

mentions some, but not all, of the changes made since then, in what was always intended to reflect an evolving strategy. For example, OPM's problem-oriented, on-site compliance reviews almost doubled from FY 86 to FY 88, and its participation in agency-led evaluations has increased three-fold during that period.

See comment 22.

In addition, a major effort to enhance internal evaluation programs is far advanced. A comprehensive report on the status of agency programs -- the most extensive ever produced by OPM or the Civil Service Commission -- will be issued shortly. Furthermore, with the five-year development of an extensive data base on agency personnel management activity completed, OPM has embarked on its next five-year plan, which places much greater emphasis on oversight of delegated authorities and compliance with other regulations and policies.

Finally, GAO fails to mention our extensive efforts to alert top agency management to the need for systematic improvements in personnel programs generally, leaving the impression that our primary dealings in FY 84-88 were at the installation level. In fact, we have issued major reports to agency heads, such as the Personnel Management Indicators Report, which alerts them to their agency's performance in a wide range of activities affecting human resources management, and enables them to make comparisons with results government-wide. Through our agency analysts, we have followed up regularly with top personnel officials on problems, good practices and trends.

It should be clear by now that throughout the specific areas chosen for analysis in this report -- planning, hiring, performance improvement and oversight -- GAO systematically underreports our accomplishments. We believe that OPM has in fact played a vital leadership role in effecting the reforms envisioned by the Civil Service Reform Act of 1978.

See comment 23.

<u>OPM: The Institution and Its Employees</u>

The GAO report maintains that morale is low among employees at OPM, and attributes this to poor internal management. Once again, however, GAO pays insufficient attention to environmental factors.

See comment 24.

The fact is that OPM employees have been through a signficant period of transition in the past ten years, as they were compelled to drop the old habits of the former Civil Service Commission, and adopt the new ways of thinking of the Office of Personnel Management and the Civil Service Reform Act. As the GAO report notes, most of OPM's GS 13's and above have worked for CSC/OPM for over ten years, and so most have gone through this period of profound institutional change, with all the trauma and uncertainty it inevitably brings.

Moreover, OPM was designed to be far more open to change and responsive to presidential leadership than was the static, insulated, bipartisan CSC, requiring continuous adaptation by our employees to varying executive priorities. Such dynamism, especially when injected into an organization unaccustomed to it, can obviously be unsettling to employees for a while. And, of course, OPM employees have faced continued challenges -- and demands for further program changes -- as they help agencies attract the employees they need, in the face of a highly competitive market for skilled labor.

Viewed in this broader context, the results of the survey of OPM employees are hardly surprising. Indeed, in light of the fact that OPM is operating with 25% fewer employees today than a decade ago, certain findings should be heartening, such as the belief expressed by over half of our employees that their particular units were still able to accomplish their missions.

Obviously, however, we would like to see OPM employees more comfortable with the agency's new role, and with the internal workings of the agency. We believe that the many internal initiatives discussed in GAO's meetings with Administration Group staff are helping to improve employees' level of satisfaction.

For example, the Air Force Personnel Accounting System implemented earlier this year enables OPM to capture data relevant to attrition, recruiting, and development. In addition, as part of our career outreach efforts, we have implemented an OPM career intern program, Project 2000. And over the past several months, the Executive Resources Board has developed a policy for developing supervisors, managers, and executives.

We will continue to look for ways to improve internal communication and staff development.

See comment 25

OPM Initiatives to Meet the Challenges of the Future

Studies like Civil Service 2000 indicate that the Federal government faces serious challenges in the near future, as it tries to recruit and retain public servants of the highest quality. OPM has launched a number of major initiatives in response. But while GAO acknowledges the problems, it inexplicably underreports or ignores altogether our efforts to deal with them. In its preoccupation with planning and process, GAO seems to have forgotten that these are but means to an end, namely, the development of concrete programs and policies to deal with urgent workplace challenges.

Among the problems and needs foreseen:

-- We face acute labor shortages in the near future,

especially in certain high-skilled, professional and executive occupations, and in certain areas of the country. We will therefore require a far more flexible and responsive hiring and recruiting program; a major overhaul of our pay structure; and a revitalization of the Senior Executive Service.

-- Our workforce is aging and diversifying. To meet the new and disparate needs of Federal employees, we need major overhauls of our health and other benefit programs, to make them more flexible and responsive.

-- Among the most significant changes anticipated in our workforce is the dramatic increase in the number of women and two-earner families. As a result, many of our employees will have substantial dependent care responsibilities, and we will have to develop flexible policies in response.

-- Major new health and social problems, such as drug abuse and AIDS, confront us in the workplace, demanding innovative, compassionate, yet firm policies to deal with them.

At the heart of our response to the challenges of the future is our intention to make the Federal workplace more flexible, adaptable, and responsive, to the needs of agency managers, Federal employees, and the American public. In part, this represents a fulfillment and extension of the Civil Service Reform Act, which sought to bring such qualities to the civil service, especially in pay and hiring, and within the senior executive service. In part, however, we have had to go beyond CSRA, to meet challenges it could not have anticipated -- for instance, the needs to reform the benefits program, to help employees with dependent care responsibilities, and to deal with the problems of AIDS and drug abuse.

See comment 26

Hiring and Recruiting. As GAO acknowledges, we have launched major new hiring and recruiting initiatives over the past several years, to deal with current and predicted labor shortages while ensuring that the merit principle is preserved. We are rebuilding our recruiting program, especially on college campuses; distributing an attractive, eye-catching new set of recruiting materials called "Career America"; modernizing job information centers; and simplifying job qualification standards.

We have also recently proposed a major new flexible, decentralized hiring and examining program, which finally carries us beyond the policy stalemate of the Luevano consent decree years. It permits agencies to offer jobs on the spot to top college graduates, while at the same time making available a simple, visible examination procedure for other potential candidates.

More recently, we have proposed to give Federal agencies the

option to use temporary help firms for short-term support, in certain well-defined situations. Use of temporary service will help tide agencies over in times and places of acute hiring and recruiting problems, and will encourage Federal managers to be more flexible in granting leave for family responsibilities, as well as for illness and emergencies.

See comment 27.

Pay. While crediting us for new hiring initiatives, however, GAO fails to acknowledge our efforts to improve pay for Federal employees, even as it cites pay difficulties as one of the primary problems facing the civil service.

We have, for example, greatly expanded our special rates program, allowing agencies facing acute hiring problems to offer higher salaries for professions and localities where competition is keenest.

Our proposed Civil Service Simplification Act -- which represents a major new step toward the goals of CSRA -- would introduce additional flexibilities to make Federal employment more competitive. It would permit agencies to adopt personnel systems with greater emphasis on pay-for-performance and market sensitivity, thus capitalizing on the lessons of the Navy experiment. And Title II would provide recruitment and retention bonuses and expanded special rates that would go far toward meeting the Government's most pressing needs. Such provisions are also present in modified form in another piece of legislation we support, the Federal Personnel Improvements Act.

Finally, we have launched a major research initiative on locality pay. It will assemble extensive local private sector pay data for a variety of occupations, as the basis for modelling and testing various locality pay approaches. Such research will provide a sound, realistic basis for the sorts of changes needed to make Federal pay competitive and responsive to labor market demands. We will be working with Congress, and employee and professional organizations to bring such changes about.

See comment 28.

Senior Executive Service. Perhaps one of the most surprising oversights of the GAO report was its failure to mention OPM's ongoing efforts to revitalize the government's Senior Executive Service. After all, one major purpose of the CSRA was to establish a strong federal executive organization, characterized by competence, responsiveness, and a sense of shared mission and esprit de corps.

Initial hopes for such an SES obviously have not been fulfilled -- but we have launched a number of initiatives over the past several years to move toward that goal. In 1986, for example, OPM sponsored a conference on the future of the SES, and in response to its recommendations, established an SES Advisory Board, launched orientation programs for career and non-career

SES members, and issued guidelines to Federal agencies promoting increased mobility for executives within and between agencies. We have also inaugurated an SES Fellows program, to support sabbaticals and other executive development opportunities for deserving SES members.

We have undertaken an extensive overhaul of the Federal Executive Institute, appointing a new Director and several new faculty members, revamping the physical facilities, and fashioning a new curriculum, better designed to enhance the executive capacities of SES members, and to build a sense of common purpose.

Finally, OPM has been a strong advocate of enhanced compensation for career executives. We have submitted to Congress legislation to support key recommendations of the President's Commission on Compensation of Career Federal Executives, which would, among other things, increase funds for performance awards and provide for recruitment and retention bonuses for members of the SES. OPM was also instrumental in insuring that the pay raises recommended by the Quadrennial Commission in 1986 were passed along to career executives. And we have asked the newly convened Quadrennial Commission to consider a substantial pay raise for top government officials, which, under provisions of the President's 1988 Alternative Pay Plan, would trigger a substantial raise for career Federal executives as well.

See comment 29.

Benefits. Just as GAO ignores our efforts toward improving compensation and revitalizing the SES, so it overlooks the changes we have made or are proposing to make in Federal benefits programs. And yet those changes will increase substantially our ability to recruit and retain Federal employees of high quality, as we become more responsive to their diverse needs.

In 1986, for example, we introduced the single most significant reform of the federal employees retirement system since the original Civil Service Retirement Act of 1920. The new Federal Employees Retirement System (FERS) makes pension benefits vastly more transferrable. Federal employees now can enhance their annuity by making voluntary contributions to a thrift investment plan, and they can make mid-career employment transitions without fear of substantial economic loss, introducing major new elements of flexibility into the benefits system.

Astonishingly, GAO's only reference to this major, widely praised reform is a negative one, i.e., they fear that it may encourage employees to leave the civil service. As indicated above, however, FERS also has features that encourage retention, and a large scale exodus is unlikely.

14

Another benefits reform urgently demanding our attention is reform of the Federal Employee Health Benefits Program. The delivery of health care has changed dramatically in the three decades since FEHB was introduced, as has the demographic composition and the needs of our workforce. In recogntion of these changes, we are currently gathering expert opinion and the views of all affected parties -- agencies, unions, carriers, and employees -- to lay the groundwork for a sweeping overhaul of our present expensive, inefficient, and outmoded system.

The increased longevity of our workforce has generated a need for a new addition to our health benefits program, long-term care coverage. We have developed and submitted to Congress a proposal that would permit qualifying employees to cash in part of their life insurance for long-term care benefits (nursing home and home health care), thereby introducing another substantial new element of flexibility and choice into the benefits system.

See comment 29.

Dependent Care. Among the major developments foreseen by recent workforce studies is a dramatic increase in the number of women and two-earner families in the workplace. This will mean that many employees will bear substantial dependent care responsibilities, both for children and for elderly relatives.

Clearly, the employer that accommodates these new demands with flexible, adaptable family care policies will be the employer who attracts and retains skilled workers, in spite of predicted shortages. OPM has been at the forefront in the development and promotion of such flexible policies. And yet again, GAO ignores altogether our significant accomplishments here.

The government has long had generous programs of sick and annual leave, job security, and workforce reentry, providing its employees the time and support to handle dependent care situations. Over the past several years, however, we have added new programs, and expanded and improved others. OPM has made a special point of encouraging agencies to be as flexible and responsive as possible, in using all options.

Such options include flexible and compressed work schedules, part-time employment, and job sharing. OPM has also encouraged a generous family leave policy for employees, encompassing not only the traditional maternity leave, but leave for adoption, foster care, and the care of sick children and elderly relatives, as well. And OPM has developed and is promoting an active leave-sharing program, in which employees may donate annual leave to help co-workers deal with medical or family emergencies.

OPM has been encouraging Federal agencies to upgrade and make more visible their Employee Assistance Programs, which offer counseling and referral services for a range of personal and

health-related problems, including those involving the family. And we recently launched a nationwide dependent care referral service for our own employees, as a pilot program. It provides employees information on and referrals to child care facilities, and reference materials on organizations and services assisting with the care of elderly family members. OPM also promotes and assists GSA's efforts to establish on-site day care facilities for Federal employees, and co-sponsors one available to its own employees.

See comment 29.

Major Social and Health Challenges. Just as OPM has been active in assisting employees with dependent care responsibilities, so are we helping them deal with other health and social problems that have appeared in the workplace, that affect performance, morale and effectiveness, and that demand flexible, innovative responses.

OPM has been a leader in the government's response to drug abuse, for instance. The President called for us to hold out a "helping hand" to drug abusers in the Federal workplace, and OPM has worked hard to see that our helping hand is truly effective. Above all, we have been working to improve the government's Employee Assistance Programs, upgrading their capacity to help employees identify substance abuse problems, and to provide short term counseling and referral to appropriate treatment and rehabilitation services.

Perhaps OPM's most visible initiative in the area of health and social concerns has been our approach to the problem of AIDS in the workplace. After considerable research and study, we developed guidelines calling for a compassionate response toward those who have AIDS, and for extensive education for their supervisors and co-workers, to reduce fear and discrimination. The President recently instructed all Federal agencies to adopt these guidelines, and they have served as a model for the private sector, as well.

In summary, OPM has pursued change and reform in many areas over the past several years -- hiring and recruiting, pay, benefits, upgrading the SES, dependent care programs, drug abuse and AIDS policies -- to deal with the sort of recruitment and retention problems GAO outlines in its report. And yet with the exception of our hiring and recruiting initiatives, GAO has virtually nothing to say about those programs.

By ignoring these concrete, practical and innovative responses to the very real and immediate problems we face, GAO betrays a concern with process at the expense of purpose, with the abstract at the expense of the real, with consistency at the expense of adaptability.

Conclusion

See pp. 100-104.

GAO's preoccupation with process at the expense of purpose characterizes all aspects of this report, and leaves us with a document that is seriously and fundamentally flawed.

-- The report is based on a narrow, abstract understanding of human resources policy -- one which ignores the broader political, managerial and workplace concerns that necessarily shape such policy.

-- It emphasizes consistency of policy at the expense of flexibility and democratic adaptability, thus disregarding the fundamental purpose of the Civil Service Reform Act. And it underreports our efforts to fulfill the purposes of CSRA in the specific areas examined: hiring, planning, performance improvement, and oversight.

-- It mischaracterizes the current state of OPM employee morale, by overlooking certain crucial institutional changes that have affected it.

-- It underreports or ignores the concrete policies and programs OPM has undertaken to meet the real, immediate challenges facing us in the Federal workplace.

Any fair-minded assessment of OPM's leadership over the past several years would lead one to conclude that we have, indeed, been very active and successful in the effort to prepare the Federal civil service for the human resources demands of the next century. Nothing less is demanded of us, if we are to maintain the civil service as the strong, responsive, flexible, implementing arm of American democracy.

GAO Comments

The following are our comments on the Office of Personnel Management's letter dated November 18, 1988.

1. We do not agree that our report implies that good human resource management can be conducted in isolation from broader political, managerial, and labor market environments. Our report highlights many areas where human resource problems exist because OPM either has not taken a leadership role in identifying environmental challenges or has made program decisions without adequately considering their environmental repercussions. It is essential that human resource policy be crafted in the context of the broader environment.

OPM's comments portray a view that environmental circumstances preclude giving human resource management high priority. In contrast, we believe environmental circumstances highlight the need for strengthened human resource management to meet the government's future needs, as we discuss in comments 2 through 4 below. CSRA gave OPM the leadership role in positioning the government to meet the challenges of the future and being an advocate for the civil service to ensure that it meets the American public's needs. OPM has not adequately met these responsibilities and many expectations of CSRA remain unfulfilled. This has contributed to what OPM's publication, Civil Service 2000, called a slowly emerging crisis of competence in attracting and retaining highly educated and skilled workers (p. 29).

2. Our report does not state, nor does it imply, that human resource management means avoiding disaffection and disillusionment. We agree that changes need to be made in response to political and other environmental influences. However, successful organizations are not simply defined as those that introduce change but rather as those that can manage change effectively. This requires adequate consideration of the potential impact on the workforce, as well as working in partnership with those charged with carrying out new or revised policies.

We do not agree with OPM that responsiveness to political decisions precludes it from placing a priority on human resource management. To ensure effective implementation of any political agenda, OPM needs to balance its responsiveness to changing presidential priorities with its responsibilities as governmentwide personnel leader to ensure an effective civil service. As our report points out, failure to do this has contributed to the serious human resource problems facing our government.

3. We agree with OPM that, in our political system, responding to the will of the people must be a top priority. We also agree that increased accountability and responsiveness is an important goal for a democratic government. We disagree, however, that programs used to achieve these goals can be successful without due consideration of human resource issues. Certain past measures to achieve the political goals of reducing the size and scope of government, such as hiring freezes, RIFs, the Bulge Program, and cuts within OPM, were implemented without adequate consideration of their human resource implications. In some cases, these programs were detrimental to their expected goal of increased accountability, responsiveness, and efficiency, and resulted in increased direct costs to the government.

OPM's comments reflect a view that placing high priority on human resource management precludes competitiveness, survival, achieving organizational purpose, or scaling back operations. Although we agree that organizations need to be realistic about the need for personnel cutbacks, we disagree that trying to ensure competitiveness and survival makes high priority on human resource management unrealistic. Regardless of administration, the work of the government is carried out through the civil service. Achieving any political agenda requires efficient and effective government personnel, and thus, good human resource management.

Civil Service 2000 highlighted the need to improve competitiveness and human resource management. It concluded: "Without reforms, some agencies may find the quality of services they can deliver will slowly erode, undermining public faith and support. For others, business as usual carries a genuine risk of failure to fulfill the basic public responsibilities they are charged with" (p. 44). Reforms needed to address these critical problems involve improving human resource management and giving it the high priority necessary to assure an effective workforce.

4. We agree that the private sector suffers from the same shortages of trained labor that the public sector does. This does not, however, alleviate the need for the government to address the issue and, in fact underscores the urgency for decisive action. Competition for skilled labor is especially difficult for the government because its needs for higher skill levels continue to increase. Dealing with such critical challenges is the reason our report points out the need for greater OPM leadership in planning for the future needs of the workforce.

5. Our report does not suggest that the prime virtue of federal human resource leadership is consistency of policy. We maintain that, "The fundamental principles of good human resource management . . . can, and should be, followed while permitting flexibility to accommodate changes in policy agendas" (p. 98). What we disagree with are fundamental swings in areas where CSRA was very clear about OPM's role, such as evaluation, or in areas which are vital to good human resources management regardless of political philosophy, such as recruiting, performance management, and planning. Our work has shown that political or budgetary decisions without adequate attention to human resource implications do not necessarily make the government more responsive to meeting the public's needs.

We agree that CSRA gives the President more flexibility to manage agencies and personnel, and we believe that such flexibility is needed to be able to respond to changing circumstances. But CSRA also established a human resource management framework giving OPM leadership responsibilities to maintain an effective civil service. It is the appropriate balance of flexibility to meet challenges not envisioned by CSRA with consistently applied, sound human resource management principles which ensures government's effectiveness and responsiveness.

6. We agree that CSRA is but one major element of a sound human resource management system. But CSRA gives OPM a broad mandate to provide leadership and provides the framework within which new environmental challenges and new workplace problems can be most effectively addressed. We believe OPM's most important leadership role is in implementing CSRA and building and maintaining the government's human resource infrastructure. Without effective people to support it, the government will not be able to accomplish its objectives.

7. Our report notes (pp. 44 through 47) that OPM recently has taken steps to improve planning, including beginning to promote more research, but we still believe OPM's efforts to prepare the government for meeting its future challenges have not been adequate. Civil Service 2000 was the first study of its type that OPM has done in the 10 years since CSRA, and it was undertaken in response to a congressional requirement. In addition, as our report notes, OPM does not plan to make such reviews on a continuing basis. Most federal managers and personnelists we surveyed (including 74 percent of OPM officials) also thought that OPM's planning and research activities have been inadequate.

OPM said that it has made extensive use of its Central Personnel Data File, has tracked nationwide demographic trends, and is aware of general management trends in the private sector. However, our work does not show any systematic program to use and disseminate such information and has noted OPM's limited information base. For example, we reported in August 1988 (GAO/PEMD-88-27), that overall information on the federal workforce, maintained by OPM, was limited and inconsistently updated.

8. We agree that studies that identify trends affecting the federal workforce, such as Civil Service 2000, can be very useful. That is why we continue to believe that demographic and labor market changes necessitate an ongoing and systematic planning effort on the part of OPM.

9. We have added information in chapter 3 about OPM's expanded research strategy, including its plans to gather data on the existing workforce and those leaving the workforce (p. 44). However, this is a longitudinal effort and it will be years before OPM can analyze the quality of the workforce. OPM has subjected neither the research design nor the data collection instrument to outside review and testing. We therefore are not able to comment fully on OPM's plans. In addition, we remain concerned that OPM may not have the resources and institutional commitment necessary to carry out such a long-term project.

We fully support OPM's intention to expand its research capabilities. Our report recognizes that OPM began to revitalize its research and demonstration efforts in August 1986 and issued a "Research Agenda" in September 1988. We also support OPM's intention to increase the dissemination of its human resource research results because personnel directors we surveyed were very critical of OPM's past efforts.

10. OPM said many of our examples of problems caused by inadequate workforce planning could not have been solved by planning. Workforce planning is not intended to anticipate every conceivable change, but it is necessary to provide a solid foundation in preparing for future needs. For example, the Department of Labor's experience with workforce planning demonstrated that planning can assist agencies in identifying and addressing human resource issues resulting from changes in their external environment.

Our past reports and a 1987 PCMI report found federal agency workforce planning efforts inadequate. As recently as 1988, we reported that FAA

staffing standards have not adequately reflected air traffic controller needs, particularly in providing sufficient staff to cover peak periods and establishing an adequate training pipeline. We also continue to believe that more adequate attention to planning would have helped EPA meet its legislative requirements. In any case, it is highly unlikely to be detrimental, as OPM states.

Our report also notes that the agencies need to improve succession planning to better anticipate and prepare for turnover in the critical SES leadership cadre. We continue to believe that OPM has an important role to fill in encouraging and assisting agencies' efforts to plan for changing circumstances.

11. We discuss OPM's pay initiatives in our report but still believe OPM's planning in this area is inadequate. As the report notes, OPM does not generally collect and analyze information on why the government is having problems getting and keeping quality people. OPM needs to more fully evaluate the extent to which pay contributes to difficulties in acquiring and retaining needed talent. In addition, as the report notes, over half of personnel officers said that inadequate pay and benefits was a major barrier to hiring quality staff.

12. Our report does not say that FERS will necessarily precipitate a massive exodus of mid-career employees from the government. Rather, the report states that OPM needs to identify and address the potential staffing repercussions of FERS.

OPM notes in its comments that it has studied the likely effects of FERS. However, during subsequent discussions with OPM officials, they acknowledged that OPM has not undertaken such studies. As Civil Service 2000 and OPM's comments point out, FERS may alter federal turnover and hiring patterns. We therefore continue to believe that OPM needs to develop a planning effort.

13. In addition to the agencies' initial reluctance to suggest demonstration projects, a number of factors have contributed to OPM's limited research and demonstration efforts. For example, as our report notes, OPM sharply reduced its research program in the early 1980s as part of an agencywide retrenchment effort. In addition, personnel directors we surveyed were critical of OPM's public management research information efforts.

OPM also has not sufficiently encouraged agencies to suggest projects. Thus while it is true, as OPM notes, that 84 percent of officials surveyed for our 1987 report on the status of personnel research and demonstration projects noted that OPM had encouraged projects to at least some extent, only 38 percent reported OPM had encouraged projects to a great or very great extent. The results of the more recent and comprehensive surveys we completed as part of this review were more critical. For example, as our report states, fewer than 17 percent of the respondents in each group we surveyed believed that OPM had adequately supported or carried out research and demonstration projects to a great or very great extent.

14. We have added language in chapter 3 (p. 46) that clarifies that OPM is in the process of reviewing and approving additional research and demonstration projects and that Congress has authorized the FBI and the National Institutes of Standards and Technology to carry out personnel experiments. Nonetheless, the report is correct in stating that OPM has given final approval to four projects in the last 10 years. All of the additional projects mentioned in OPM's comments are still in the OPM review process. For example, even though OPM said that a project concerning retention allowances at the FAA was implemented, the project is still under review. On November 2, 1988, OPM announced for public comment plans for implementing the project. OPM research and demonstration officials told us they expect the project to be implemented in 1989.

15. We agree that the Navy's demonstration project provided valuable lessons. As our report states, our 1988 review of the project showed that such a system is workable. However, we noted that insufficient data were available to characterize the project as successfully meeting certain key objectives.

16. Our report does not assert that only one correct policy exists. CSRA recognized the need for and encouraged flexibility but also created OPM to exercise leadership in maintaining an effective civil service. However, as the report notes, changes in OPM's policies regarding delegated examining authority, and its role in recruitment, have hampered agencies' hiring efforts. OPM altered its policies in these areas for reasons, such as general retrenchment efforts, which were unrelated to federal hiring needs or changes in the federal labor market. For example, from 1982 through 1986—years when OPM's involvement in recruitment activities was extremely limited—agencies hired at least 104,000 employees into

the competitive service each year. In addition, the agencies have consistently reported that delegated examining assisted them in their hiring efforts.

17. We agree that OPM's area office oversight program for delegated agreements serves an important function. These oversight and monitoring efforts are directed primarily at ensuring that agency examining is free from merit abuses and complies with agreed-upon procedures. While such oversight is critical to ensuring the integrity of the examining process, we continue to believe that OPM needs to expand its efforts to more fully evaluate the effectiveness of delegated examining. Specifically, as the report notes, OPM no longer requires agencies to report costs associated with delegated examining. Information on cost, effectiveness, and timeliness is important to establishing a record for OPM and Congress to consider when changes to delegation policies are contemplated.

18. The report notes that OPM has solicited feedback on its recruitment efforts from a variety of sources, but that an improved feedback program is needed. To the extent that OPM now plans to solicit feedback continuously from major recruitment constituencies, such as college placement officers, we fully support their efforts.

19. We do not suggest that OPM has not made many contributions and positive strides in implementing the performance improvement agenda outlined by CSRA. However, as we have pointed out in reports dating back to the early 1980s, problems persist which prevent government performance management systems from realizing their full potential.

Our report acknowledges that OPM has numerous performance improvement initiatives and summarizes those initiatives for which OPM provided documentation. In describing some initiatives, such as the establishment of the Federal Quality Institute, documentation provided by OPM was not so extensive as to lend itself to a more detailed discussion. In addition, the Federal Quality Institute was developed primarily under the auspices of OMB, not OPM.

20. We agree with OPM that performance management problems are not unique to the federal government but exist in the private sector and public sector at large. This is why we recommended that OPM establish a more aggressive outreach program, into both the public and private sectors, to obtain effective ways to address performance management problems. With ever-increasing emphasis on reducing the budget deficit, the

demand for a renewed commitment and OPM leadership to address historic problems which have inhibited increased performance and productivity in the government has never been more compelling.

21. We repeat our criticism of OPM's evaluation program to demonstrate our longstanding and continuing concerns about OPM's oversight of the merit system. We and others have consistently reported similar problems with OPM's evaluation program. In addition, as this report notes, our more recent surveys show personnel officers' and evaluation officials' continuing concern about OPM's oversight program.

22. We have added information to chapter 6 (pp. 74 and 75) which describes OPM's current efforts to enhance its evaluation program. This includes more information on OPM's Personnel Management Indicators Report and Agency Analyst activities, both of which are focused at the agency headquarters level. However, efforts in these areas have been limited. For example, OPM's most recent Personnel Management Indicators Report was for fiscal year 1986; reports for fiscal years 1987 and 1988 have not been issued.

23. Our finding that morale is low among OPM employees is based on employees' questionnaire responses. Those same responses attributed low levels of morale and inability to accomplish goals and objectives to internal management problems. OPM's internal studies confirmed the existence of such problems.

24. We agree with OPM that organizational change and environmental challenges at OPM have created trauma and uncertainty, but we disagree that such effects are the inevitable results of change. Properly managing a change process can assure effective organizational transition without a long-term loss of ability to accomplish goals and objectives.

At OPM, very serious internal problems still pervade the agency. For example, only 15 percent of respondents to our questionnaire believed OPM was very effective at achieving overall goals and objectives, only 23 percent thought morale in the agency was high, and many felt OPM had internal communication problems (p. 89).

The cumulative effects of 10 years of fundamental redirection, retrenchment, and inattention to internal management issues have damaged OPM's internal capacity to provide leadership and have contributed to ineffectiveness in carrying out important functions. OPM depends on its workforce to manage programs, policies, and operations for more than 2

million federal workers, who in turn provide service to over 200 million Americans.

OPM's current approach of looking for ways to improve internal communication and staff development is positive, but needs to be part of an overall strategic plan that includes a broad range of activities to assess and address all aspects of OPM's internal capacity. Although OPM's Administration Group has implemented initiatives which may help to increase satisfaction among OPM's employees and effectiveness among its units, initiatives in one OPM unit cannot completely address longstanding and agencywide internal management problems.

25. We believe the report focuses on the most critical human resource issues facing the government and accurately depicts OPM's effort to address these challenges. Our extensive consultations with experts, review of reports, and exhaustive surveys of federal managers found the most fundamental and highest priority problems were attracting and retaining a quality workforce, improving performance and productivity in face of an imposing deficit and demands for greater quality of service, and ensuring that workforce decisions continue to be based on merit.

As a result, we decided to concentrate on OPM activities related to planning, hiring, performance management, and oversight. Where appropriate, we have modified the report to include additional material provided by OPM on other actions taken and on initiatives more recently started.

26. As OPM noted, our report details key OPM initiatives that were being implemented to address hiring and recruiting problems. The other two areas OPM mentioned were not included in the report because they have not been implemented and therefore could not be evaluated. The hiring proposal designed to address problems caused by the elimination of PACE in 1982 is preliminary with few details. The other proposal, to use temporary employment firms in certain situations, was issued for public comment on October 17, 1988, and is expected to be implemented in 1989.

27. We believe our report appropriately acknowledges OPM's efforts to address the pay issues. Our report discusses the proposed Civil Service Simplification Act and the locality pay initiatives (p. 46). We support OPM's current effort to improve the administration of the special salary rates program and to implement the expanded special salary rates authority authorized by Congress. But the special rates program often provides only a partial solution to the overall pay problem. In addition,

OPM special rates officials told us that OPM does not encourage agencies to apply for special rates to address their staffing problems.

28. Although there is no separate section on the SES, we discuss SES issues in several parts of this report. We note that SES pay is considerably lower than salaries in the private sector; only 13 percent of senior executives would advise pursuing a career in public service; many senior executives plan to retire within several years; agencies are making only limited use of opportunities to identify and address senior executive staffing problems; and SES performance plans are too general. We have expanded our discussion of OPM's efforts to revitalize the SES program (p. 50). Such activities are needed, as fewer than 20 percent of personnel officers and line managers we surveyed believed that agencies were recruiting and retaining highly qualified and competent SES managers.

29. We agree OPM is planning actions to address various specific personnel concerns. For example, programs addressing the need for dependent care are a step in the right direction toward making the government a more attractive employer. FERS is a significant change, especially in terms of transferability. But, the primary emphasis for FERS came from Congress, not OPM. Additionally, OPM's recent efforts to review health care benefits are necessary, especially since they have not been reviewed in three decades. However, OPM is still in the factfinding stage on this initiative and has yet to produce a proposal.

We also are well aware of the need to have an AIDS policy. Our own policy and report was published in December 1987. We believe addressing such issues as AIDS and drug abuse is very important but not as central to the question of recruiting and retaining an effective federal service as those areas addressed in our report.

Major Contributors to This Report

General Government Division, Washington, D.C.

Gene L. Dodaro, Associate Director, (202) 275-8387
Edward H. Stephenson Jr., Project Director
Charles F. Wicker, Project Manager
Gerald P. Barnes, Evaluator
M. Kathleen Joyce, Evaluator
J. Christopher Mihm, Evaluator
Theresa M. Roberson, Evaluator
Lori Rectanus, Evaluator

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